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Submittal Dates and Contacts

Submittal Dates

July 1, 2002 – Predesigns due to OFM

July 19, 2002 – Cash Flow Plans due to the State Treasurer (see Section 9)

September 6, 2002 – Ten-Year Capital Plans due to the Office of Financial Management

OFM Capital Contacts

If you have a question about these instructions or specific capital budget requests, contact a member of the OFM Capital Budget Section:

NAME	POSITION	PHONE	E-MAIL
Mike Roberts	Senior Budget Assistant	902-0529	mike.roberts@ofm.wa.gov
Tom Boyer	Budget Assistant	902-0544	tom.boyer@ofm.wa.gov
Marziah Kiehn	Budget Assistant	902-0531	marziah.kiehn-sanford@ofm.wa.gov

Other Contacts

Questions about specific capital budget requests and performance measures may also be directed to your agency's OFM Operating Budget Assistant.

Questions about the Capital Budgeting System (CBS) submission should be directed to **Vicki Rummig**, OFM, (360) 725-5278, vicki.rummig@ofm.wa.gov.

Questions about Salmon Recovery requests should be directed to **Jim Skalski**, OFM, (360) 902-0654, jim.skalski@ofm.wa.gov.

Questions about Growth Management Act compliance and local government contacts should be directed to **Holly Gadbaw**, Department of Community, Trade and Economic Development, Office of Community Development, (360) 725-3048, hollyg@cted.wa.gov.

Questions about Bond Fund Cash Flow Plans should be directed to **Suzanne Coit**, Office of the State Treasurer, (360) 902-9028, suzanne@tre.wa.gov.

Questions about Certificates of Participation should be directed to **Kristi Wolgamot**, Office of the State Treasurer, (360) 902-9020, Kristi@tre.wa.gov.

Submittal Dates and Contacts

Additional copies of the Capital Budget Instructions may be obtained through **Dave Hoadley**, (306) 902-0557, dave.hoadley@ofm.wa.gov or the OFM web page through www.ofm.wa.gov/capital.htm.

Analyst Assignment List

May 2002

Tom Boyer, Capital Budget Assistant (360) 902-0544 tom.boyer@ofm.wa.gov	Marziah Kiehn-Sanford, Capital Budget Assistant (360) 902-0531 marziah.kiehn-sanford@ofm.wa.gov
Assignment of Capital Programs	Assignment of Capital Programs
Conservation Commission	Community Colleges (34)
Criminal Justice Training Center	State Convention and Trade Center
Department of Community, Trade, and Economic Development	Department of Information Services
Department of Corrections	Eastern State Historical Society
Department of Ecology	Higher Education - Four-Year Universities University of Washington Washington State University Eastern Washington University Central Washington University The Evergreen State College Western Washington University
Department of Fish and Wildlife	Higher Education Coordinating Board
Department of Natural Resources	Liquor Control Board
Department of Social and Health Services	State Historical Society
General Administration	Office of Financial Management
Interagency Committee for Outdoor Recreation	Spokane Intercollegiate Research & Technical Institute (SIRTI)
K-12	
Labor and Industries	BEST Study Coordination
Military Department	Capital Policy/Communications Committee Coordinator
Schools for the Deaf and Blind	Joint Legislative Audit and Review Committee studies
Secretary of State	Predesign Manual Preparation
State Parks and Recreation Commission	
Transportation - Marine, Facilities	
Veterans' Affairs	
Washington State Patrol	
Alternative Construction Methods Coordination & Public Works Laws	
Leasing, Lease Development	



SECTION 1

The Capital Planning Process - Summary

This section of the Capital Plan Instructions provides a general overview of the capital planning process. Detailed instructions about the specific steps state agencies and institutions should take in developing their Ten-Year Capital Plans are contained in the next section and the appendices that follow. Unless specifically noted, the words “agency” and “agencies” as used in this document also includes institutions of higher education seeking capital budget funding.

1.1 The Ten-Year Capital Program

Washington State Budget and Accounting Act (RCW 43.88)



The Washington State Budget and Accounting Act (RCW 43.88) mandates a long-range approach to capital budget planning. The Act requires state agencies and institutions to submit a plan of proposed capital spending for a ten-year period, starting with the ensuing biennium. This long-range planning is designed to identify future issues and capital projects proposed to address those issues. The agency or institution’s Ten-Year Capital Plan must correspond and link to their strategic plan submitted in the operating budget.

The Governor's Capital Plan

The Governor will prepare his Ten-Year Capital plan proposal based on agency proposals and policy considerations. Projects included in the first biennium of the plan will constitute the Governor's capital budget. The Governor’s Ten-Year Capital Plan will be submitted to the Legislature around the first week in December 2002.

Making capital decisions for the future

The ten-year planning horizon recognizes that major capital projects span several biennia from start to finish. In many cases, capital budget decisions precede the implementation of operating programs with facility requirements by several years. For this reason, it is essential that decision makers be able to determine how various capital budget options will affect state programs in the future and how today’s capital decisions will affect future operating costs.

As in previous years, the Capital Plan Instructions recognize that certainty about state programs declines as agencies look further into the future. Therefore, the last four years of the capital plan need not contain the same level of project detail as the first six years. Requests for the last four years may be grouped into types of projects intended to accomplish general purposes such as preservation, additional space, conversion of existing space, and other categorical capital needs.

Programmatic projects will need the same level of information, regardless of funding source or financing alternative. For instance, projects funded by Certificates of Participation (COPs), will need the same level of information (i.e. Predesign, C100s, lease/purchase analysis, etc. as projects of the same size that are funded with state general obligation bonds.

What is a capital "project?"

The term “project” as used in these instructions is a line-item appropriation title. For example, the appropriation titles “Special Commitment Center” and “Minor Works Statewide” are each “projects.” The Minor Works project has several sub-project lines within the appropriation title.

Classifying capital projects

Capital projects are grouped into three main classifications: preservation, program and grant projects. These three categories provide a framework within which projects can be compared and selected. The three categories are discussed in Section 2.

Agency prioritizing projects

Capital projects for the Ten-Year Capital Plan should be prioritized in two ways. The first listing of priorities relates projects to the agency’s strategic plan and corresponds directly to the goals and objectives derived from that plan. The second listing corresponds to the priority structure used by OFM in reviewing capital budget requests. By cross-referencing these two lists, OFM can assess how agency priorities relate to statewide priority classifications.

OFM's project priority structure

OFM's project priority structure includes:

Protection of people – Projects that alleviate health hazards or reduce risks to staff or public.

Protection of assets – Projects that protect state assets or address site-specific emergencies where system failures and existing conditions require an immediate response to alleviate future damage to property, and may include actions that are the result of natural disaster, fire, accident, or court order.

Protection of the environment – Projects that reduce, repair or prevent environmental damage.

Cost savings – Projects that reduce the cost of service delivery (particularly maintenance and/or staff); or that create or enhance a revenue stream that recovers the project cost within seven years.

Program need or requirement – Projects that accommodate new programs, improve service delivery, maximize federal aid, or meet space needs that are the result of program change expansion.

1.2 Project Funding

Identifying funding sources

Appropriate funding sources for projects in the capital plan must be identified. For short-term improvements, agencies are expected to use cash accounts whenever possible. For larger “program” projects with a long useful life, long-term bond sales or other long-term financing options are appropriate. The term “capital project” is used to distinguish capital from operating activities and is based on the longevity or useful life of the work to be accomplished. This “useful life” criteria is also used in determining which projects are eligible for funding from the proceeds of long-term bond sales or other forms of long-term financing.

Dollar limit and useful life for bonded projects

OFM has established a dollar cost limit and a useful life for capital projects to be eligible for financing from bond proceeds. During the 2003-05 Biennium, the minimum threshold for a project to be eligible for bond financing is set at \$25,000 and 13-year useful life.

Policy decisions drive budget choices

Agency selection of an appropriate fund source should occur after preservation, program and policy choices are made. The determination of which projects can be supported by the state General Fund, dedicated accounts, bond funds subject to the state's debt limit, or alternative financing source should not determine what is included in the budget.

Alternate financing - an alternative to bonds

The definition of “financing contracts,” as contained in RCW 39.94.020, means “any contract entered into by the state which provides for the use and purchase of real or personal property by the state and provides for payment by the state over a term of more than one year, and which provides that title to the subject property shall secure performance of the state or transfer to the state by the end of the term, upon exercise of an option, for a nominal amount or for a price determined without reference to fair market value.”

OFM includes long-term leases in this definition. **Leases will be evaluated with the same information requirements and on the same basis of any other programmatic request.** Ties to strategic direction, submittal in the Capital Budgeting System (CBS), lease/purchase analysis and predesign space programming are all part of the submittal for “leasing” requests.

Included in this broad category of alternate financing requests are the following:

- **Major leases** are those leases that involve more than **30,000 new gross square feet of space**.
- **Lease development** projects that involve construction or renovation of a privately financed building of more than 30,000 gross square feet for purposes of state use or occupancy.
- **Other alternate financing** proposals include the development or use of space by state agencies through a contractual arrangement with a developer or financing entity. The sale of debt obligations or Certificates of Participation (COPs) through the State Treasurer may be involved, or financing may be offered by a private developer. Title to the property involved may transfer to the state either upon exercise of an option or at the termination of the contract.

Capital projects that are funded by alternate financing mechanisms are identified in the Ten-Year Capital Plan (and displayed in the biennial capital budget) because they represent long-term occupancy proposals and result in long-term costs. Any additional funds required to pay the cost of alternate financing proposals should be requested in the operating budget. In addition, **agencies that wish to propose these projects may be required to submit a complete package of information as described above, but must complete CBS submittal and the lease versus purchase decision model which may be obtained from OFM.** Please contact your OFM capital analyst for specific details.

1.3 Other Considerations

Reappropriation cash flow plan

Capital projects often take more than two years to complete; yet the state Constitution allows appropriation for only one budget period or biennium at a time. Therefore, funds for projects that exceed two years must be reappropriated in succeeding biennia to complete the project.

***One time reappropriation
for preservation projects***

As a rule, omnibus projects are considered small and should be completed within the biennium they are first requested in. Starting with the 2001-03 Biennium, omnibus projects will need individual justification as to why they could not be completed within two years to be reappropriated. *Preservation* projects first appropriated in the 1999-2001 Biennium and before will not be reappropriated in the 2003-05 Biennium. *Grants and program* projects older than the 1999-2001 Biennium may be reappropriated in the 2003-05 Biennium on a case-by-case basis. Agencies should contact their OFM capital budget assistant for guidance.

Debt service repayment

The State Treasurer prepares an operating budget for bond retirement and interest based on cash-flow plans for authorized capital projects. Selected agencies are required to provide the State Treasurer with a cash-flow plan for funds that will be reappropriated in the 2003-05 Biennium. This information is necessary for the Treasurer to plan bond sales and estimate debt service obligations in the 2003-05 Bond Retirement and Interest Budget. It is imperative that the cash flow plan be submitted to the Treasurer by July 19, 2002. See Section 9 for additional information and identification of affected agencies and funds.

Growth management

OFM is required under the Growth Management Act to maintain a list of "Essential State Public Facilities" to inform regional and local governments of the construction or siting of facilities across the state. All projects identified on the Ten-Year Capital Plan that are state-owned are essential public facilities.

Local governments cannot preclude the siting of essential state public facilities. For its part, the state must comply with local planning ordinances. While not all capital projects are sited at the time the budget is considered, it is important, whenever possible, to identify the preferred area or optional sites for locating each facility.

New information on growth management requirements

Agencies should review their project lists with affected local governments prior to capital budget submittal to ensure consistency with local plans by obtaining copies of local plans and ordinances and reviewing capital projects against those documents. Early contact with local governments is strongly encouraged. Substitute House Bill 2648 (SHB 2648) requires state agencies to answer the following questions as part of the 2003-05 Capital Budget application process:

- Is the proposed capital project identified in the host city or county comprehensive plan, including the capital facility plan and implementing rules adopted under chapter 36.70A RCW?
- Is the proposed capital project located within an adopted urban growth area?
- If located within an adopted urban growth area, does the project facilitate, accommodate or attract planned population and employment growth?
- If located outside an urban growth area boundary, does the proposed capital project create pressures for additional development?
- Was there regional coordination during project development?
- Does the project include leveraging of local or other funds?
- Have environmental outcomes and the reduction of adverse environmental impacts been examined?

The information requirement applies only to major capital construction projects over \$5 million and required to complete a predesign if located in a city or county planning under RCW 36.70A.040. Agencies should use the on line template which is available through <http://www.ofm.wa.gov/capital.htm> (see Appendix 1). The completed template must be submitted to OFM via e-mail by July 31, 2002. There is no CBS submittal for the Growth Management requirements in the 2003-05 Capital Budget process.

NOTE: Please note for future reference that these questions will be required to be answered in predesign for all major projects.

The goal of the legislation is to promote state capital facility expenditures that minimize unplanned or uncoordinated infrastructure and development, minimize unplanned or uncoordinated infrastructure and development costs, support economic and quality of life benefits for existing communities, and support local government planning efforts.

Assistance by the Office of Community Development

The Office of Community Development can assist agencies in obtaining copies of local comprehensive plans and in answering the questions. Contact Holly Gadbaw, Department of Community, Trade and Economic Development, Office of Community Development at (360) 725-3048, hollyg@cted.wa.gov for assistance.

The state also has a strong interest in those community-based facilities that are not owned by the state, but are operated by other entities under contract to the state. State agencies with an interest in the siting of these community-based facilities should contact appropriate local governments to ensure that such facilities can be accommodated.

Capital management and monitoring

OFM will issue allotment instructions following the passage of the capital budget. Agencies will be required to identify estimated cost and cash flow data by month for each appropriation received. The data will become the basis for evaluating project status throughout the next biennium and will be used by the Office of the State Treasurer.

OFM reports annually to the Legislature on status of capital projects

RCW 43.88.160 requires OFM to make an annual report to the Legislature regarding the status of all appropriated capital projects (including transportation projects) that show significant cost overruns or underruns. As projects are completed, OFM is directed to provide the Legislature with a final summary showing estimated start and completion dates of each project phase compared to actual dates, as well as estimated costs of each phase compared to actual costs. While most of this information can be obtained from various accounting systems, ongoing contact with OFM staff is required to provide insight on progress of major projects.

Facility inventory system

Statewide inventory data will play an important role in future budget decisions. Updated changes in the OFM Facility Inventory System (FIS) that provide condition assessment and replacement cost ranges for facilities will be especially helpful in reviewing budget requests. For this reason, identification of facility condition has become mandatory in FIS updates. In addition, square-foot information will be used in assessing agency performance regarding maintenance and preservation. Finally, information contained in the FIS will be used in the Annual Maintenance Summary Report.



SECTION 2

Preparing the Ten-Year Capital Plan

This section and the appendices that follow are designed to provide specific guidance to agency personnel responsible for preparing a budget for submittal to OFM. Those who have questions about how to prepare their agency's capital plan are encouraged to contact the members of the OFM Capital or Information Services sections (see page 2 of the General Instructions for names and phone numbers) and to coordinate with their assigned OFM Operating Budget Assistant. Agency capital plan submittals will include much of the same information requested in the past, although the guidelines have been changed somewhat to reflect the increased emphasis on long-range capital planning, performance measurement, and cost containment. The diagram on the next page illustrates the components of the submittal process.

2.1 What is a Capital Project?

Term "capital projects"

The term "capital project" identifies specific construction activities based on the cost and longevity of the work to be accomplished. Capital projects involve construction of either new facilities or significant, long-term renewal improvements to existing facilities. Capital projects are funded in agency capital budgets from funds specifically set aside for capital purposes such as highway and other dedicated funds, the proceeds of bond sales or other long-term financing contracts. By definition, grant appropriations are "capital projects."

When used separately, the term "project" in these instructions identifies a line-item appropriation title. For example, the appropriation titles "Special Commitment Center," and "Leg. Bldgs: Safety and Infrastructure" are each "projects." However, the "Leg. Bldgs: Safety and Infrastructure" project has several sub-projects (such as "Cherberg Bldg: Replace Roof" and "Leg. Bldg: Sandstone/North Steps") within the appropriation title.

Capital projects

Capital projects are usually constructed by private contractors and involve an architect or engineer. Construction management is sometimes required, and for larger projects, a value engineering analysis is performed during the design phase.

Schematic Arrangement of Washington State Capital Plan Forms

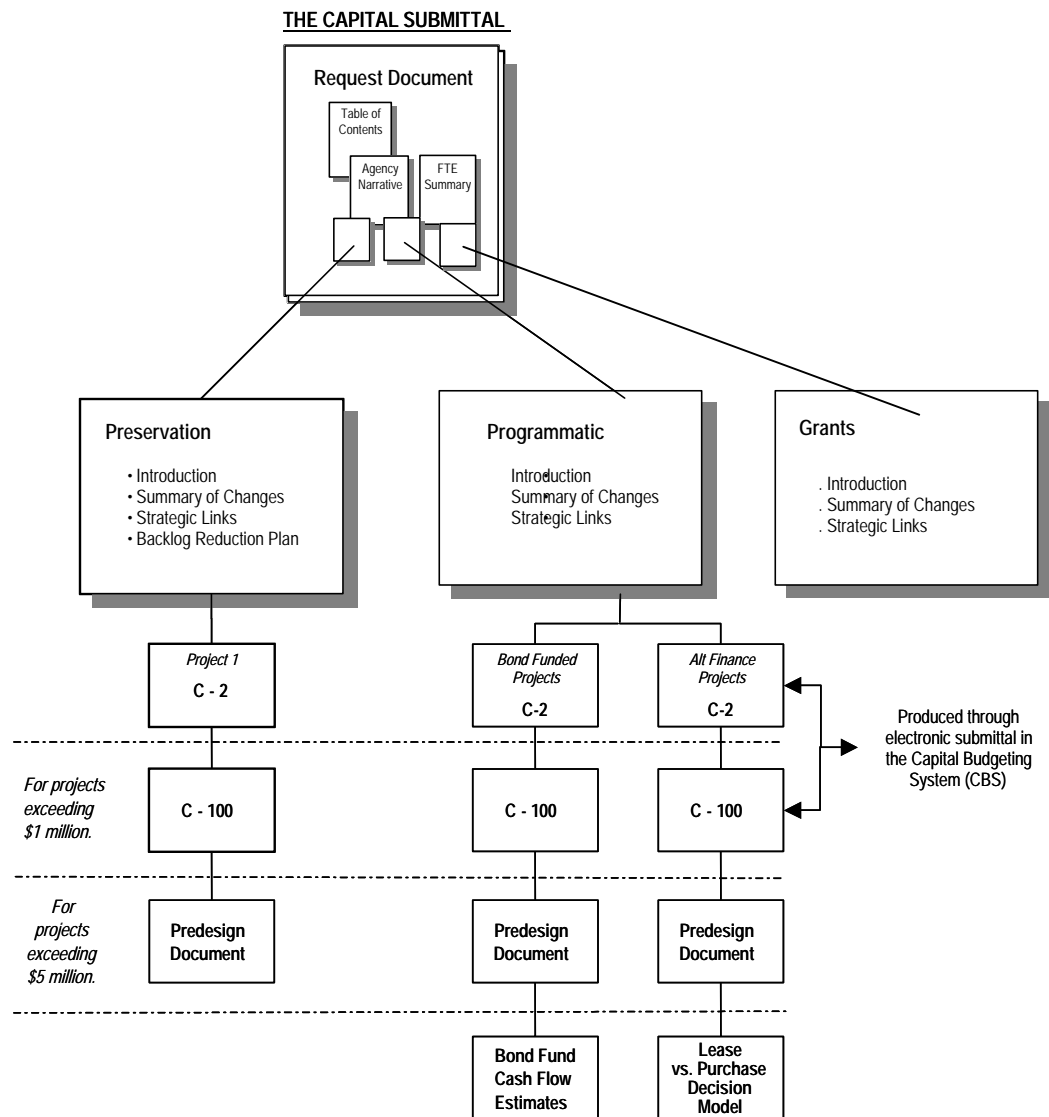
Basic Arrangement

The Ten-Year Capital Plan is divided into three sections which comprise most requests:

- Preservation
- Programmatic
- Grants

The Capital Plan must include a table of contents and a narrative describing agency strategic direction and how the request ties to that direction.

Each section includes a narrative introduction describing how the projects in the section were selected by the agency, and a Capital Program Summary listing all projects in the section in priority order. Alternatively financed project requests must include analysis from the Lease vs. Purchase Decision Model.



Additional Forms

A **form C-2, Capital Project Request**, is completed for each project in each section. Where necessary, carefully selected additional information is attached to the C-2.

A **form C100, Capital Project Cost Estimate**, must be completed for each project costing \$1 million or more.

A **Predesign Document** (including Form C100) must be prepared for each major project with a total cost of \$5 million or more.

The **Bond Fund Cash Flow Estimate** must be submitted.

OFM has established a dollar cost limit and a useful life for capital projects to be eligible for financing from bond proceeds. The minimum threshold for a project to be eligible for bond financing continues at \$25,000 and a 13-year useful life.

Capital projects are classified as preservation, programmatic or grant projects, based on their intended purpose:

Preservation projects change efficiency of use and may enhance program delivery. They do not change program use.

- **Preservation** projects maintain and preserve existing state facilities and assets, and do not significantly change the program use of a facility. Examples include renovation of building systems and finishes, utility system upgrade, repairing streets and parking lots, etc. Projects undertaken to preserve existing assets will be reviewed and compared on a technical basis so that the most urgently needed work is financed first. Preservation category projects will not be driven by or result in significant program impacts, and generally have little effect on future operating programs and budgets, except for reductions in the agency's maintenance costs and the deferred maintenance backlog.

Program projects change use or provide new space for new program goals.

- **Program** projects achieve a program goal such as changing or improving an existing space to new program requirements, or creating a new facility or asset through construction, lease and/or purchase. This category is quite broad, and includes projects ranging from building new facilities to significant renovation of existing facilities. Program projects may also improve conditions, accommodate changes in services or clientele, or increase or maintain federal reimbursement. Program projects must be tied to the agency's strategic plans by identifying the strategic goals that the project supports.

Grant projects provide capital appropriations to state, tribal, local or community organizations for development of special facilities.

- **Grant** projects provide capital appropriations to state, tribal, local or community organizations for development of special facilities. In general, grant programs are either established in statute or have specific legislative provisions associated with the dispensation of the appropriated funds. Agencies who have statutory grant programs should submit ten-year capital budget requests within the limits established by statute. Agencies whose grant programs have no specified appropriation limits should submit two-year biennial appropriation requests based on their historical biennial expenditure history for the grants. Grant projects should be linked to the agency's strategic plan and should have associated performance measures identified in their operating budgets.

Ordinary or normal maintenance

Given the short useful life of repairs or maintenance activities, costs for ordinary or normal maintenance are not included in the capital budget. Ordinary or normal maintenance are small, temporary or routine repairs necessary to keep an existing facility or asset in useful condition. The work maintains or preserves the usefulness of an asset rather than changing or significantly improving it, and there is usually little or no effect on operating costs of the facility at the completion of the work. The underlying purpose of repairs or maintenance projects is to prevent or defer the need for a larger capital project.

Usually, minor repairs or maintenance work can be done by agency trades staff or by private contractors, and there is generally no need for involvement of an architect or engineer.

2.2 Individual Capital Project Requests

Capital project requests will be submitted through CBS. Agencies should attend the training sessions for CBS or refer to the system for information on how to operate the system. Detailed instructions for information requirements are included in Section 3 and are also available under the BASS and CBS Help options.

Major capital projects \$5 million and over

Major capital projects have one or more of the following features: cost more than \$5 million (regardless of fund sources), lease more than 30,000 new gross square feet of space, or take two or three biennia to design, construct, and occupy.

In summary, the following applies to program projects greater than \$5 million:

- They must be requested individually through CBS, with general estimates of size and cost.
- Predesign studies are required. (Note: Predesign studies must be preceded by an OFM approved Project Request Report.)

Submittal requirements for all programmatic projects are the same, regardless of funding source with one exception: Certificates of Participation (COPs) financing that involve a self-supporting enterprise fund. In this instance, the agency or institution has authority to independently finance the project but is using the COP process for appropriation authority. A comprehensive project description and financing plan are all that are required as part of the agency's capital plan.

Requests for predesign funding

Agencies requesting funding for the predesign phase of a major capital project must include a Form C-2 (CBS will create the required forms). Feasibility studies, master plans, engineering reports, and other information gathered by the agency should be submitted in support of the predesign request. *Please note that the CBS C-2 is intentionally a different C-2 form than used for the Project Request Report in the Predesign Manual.*

Predesign studies for projects proposed for funding in 2003-05 are due no later than July 1, 2002

Predesign studies must comply with the standards identified in the OFM Predesign Manual, revised in June 2001. Predesign studies for which design or construction funds will be requested in 2003-05 are due at OFM no later than July 1, 2002. Failure to meet this deadline may affect the inclusion of the project in the 2003-05 Capital Budget.

Requests for design/construction funding

If a predesign study is approved by OFM, all requests for design/construction funding must include:

- A project request report previously reviewed by OFM and Legislative staff with any updates noted.
- A completed operating budget decision package that reflects future operating budget impacts
- A detailed cost estimate submitted electronically including Form C-100 for design, construction, and occupancy funding requests. The Excel template is available on line at www.ofm.wa.gov/capital.htm

Leases

For program projects that involve new leases for more than 30,000 new gross square feet, the following requirements apply:

- Agencies must complete a lease/purchase analysis using the General Administration model.
- The purchase cost used in the analysis must be backed by a C-100 cost estimate.
- A completed operating budget decision package, including feasibility studies, master plans, space programming and operating budget impacts, needs to be submitted.

Projects between \$1 million and \$5 million

Programmatic projects under \$5 million should include a predesign study when the project has significant policy implications or technical, logistical, or cost concerns to a program or agency. For these smaller valued projects, predesign, design, and construction funds may be requested together in one appropriation. A review by OFM staff prior to the submittal of the capital plan is recommended if a project appears to fit within this category. Preservation projects under \$5 million do not require a predesign study. However, many of the steps contained in a predesign study are useful in generating information and options necessary for analysis of any project.

The following applies to projects between \$1 million and \$5 million:

- They must be requested individually or as an Omnibus request grouped by category and submitted through CBS.
- Predesign studies may be required for programmatic projects.
- Form C-100 must be submitted for design, construction, and occupancy funding requests.

Projects between \$25,000 and \$1 million

Capital projects with an estimated value between \$25,000 and \$1 million are requested on Form C-2. Form C-100 can be included if details are known.

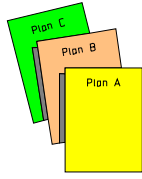
The following applies to projects between \$25,000 and \$1 million:

- Projects that affect policy or are particularly sensitive must be requested individually.
- A narrative description and justification for the project must be provided.
- Agencies may be required to provide additional justification detail on these projects during the executive and legislative budgeting process.

2.3 Omnibus Projects

Omnibus minor works projects

Omnibus minor works projects are single-line appropriations that include multiple, smaller projects of a similar nature and purpose valued between \$25,000 and \$1 million.



Management of small and related capital projects is more efficient under one larger capital appropriation, rather than several smaller individual appropriations every few years. Likewise, an effective capital budget strategy (especially for preservation projects) is to combine a number of similar projects into one larger consolidated group. Agencies should consolidate smaller projects into omnibus project requests and, whenever possible, omnibus project requests should incorporate all improvements, renovations, and upgrades necessary at a specific facility for the foreseeable future. Contact the OFM Capital Section with questions on grouping Minor Works projects.

New minor works categories



In conjunction with a study currently being conducted by the Joint Legislative Audit and Review Committee (JLARC), the minor works categories have been standardized. Currently, omnibus minor works projects and appropriations are defined and categorized a number of ways across agencies, providing little basis for comparison. To ensure greater consistency and comparability of capital plans and budget requests, standard categories have been adopted for all agencies. These standard categories are not intended to change the way agencies prepare and internally prioritize requests, only how they are categorized in capital budget submissions.

The new categories are: 1) Health, Safety, and Code Requirements; 2) Facility Preservation; 3) Infrastructure Preservation; and 4) Program. These categories are discussed in Section 3.1. Agencies should submit separate omnibus requests for each category through CBS.

2.4 Grant and Special Projects

Pool funds eliminated

Funds for hazardous materials, underground storage tanks (USTs) and the Americans with Disabilities Act (ADA) were eliminated by the 57th Legislature. These were originally planned for phase out by the 2003-05 Biennium. Legislative expectation is that ADA and UST improvements will continue to be made as part of minor works or major renovations to existing facilities.

<i>Energy conservation</i>	Energy conservation considerations should be included within the C-2 narrative section, identifying choices made in the predesign phase and how these measures meet the Governor's directive that buildings be designed and built to lowest life cycle cost. For assistance in developing the energy-related components of project requests, contact the Energy Program Manager, Department of General Administration (GA) through the Division of Engineering and Architectural Services at (360) 902-7272.
<i>Emergency funds</i>	Emergency funds may be requested as omnibus appropriations based on prior spending history within the agency. A clear description of the process used to allocate funds to specific projects should be attached, and amounts provided for this purpose and their use in the last three biennia identified.
<i>Grants and special projects</i>	Grants and special projects are single-line appropriations that may include multiple, smaller sub-projects and are similar in their budget requests to Omnibus project requests. Grant project requests generally require a list of grantees and project names.
<i>Salmon recovery requests</i>	OFM will be working with natural resources agencies to develop and coordinate salmon recovery related requests. As part of this process, agencies are asked to specifically identify capital projects related to salmon recovery in their biennial budget submittal. In order to track these requests, OFM will provide more detailed instructions to agencies in early June. Please contact Jim Skalski, (360) 902-0654, if you have questions or need clarification.
<i>Thurston County projects</i>	RCW 43.01 directs GA to assess agencies for two costs related to the construction, renovation, and occupancy of certain space owned and managed by GA in Thurston County. One of these charges is the recovery of financing costs related to construction or major renovation projects, and the other is a capital projects surcharge levied in agency operating budgets to cover some of the costs of capital projects in Thurston County. (These charges are in addition to all existing facilities and services, seat of government, and Division of Real Estate Services lease management charges.) Both of these additional charges will occur in the operating budgets of affected agencies. Please refer to the OFM 2003-05 Operating Budget Instructions - Part 2 for additional information about these charges.

The capital project surcharge is collected from all agencies housed in GA owned-and-managed facilities in Thurston County except those occupying the Ecology, Natural Resources, Labor and Industries, and Highways Licenses buildings. These four buildings have separate financing cost-recovery agreements and are exempt from the capital project surcharge until the current cost recovery agreements expire.

Capital project surcharge

State statute allows increases to the capital project surcharge over time until it reaches \$5 per square foot or until the surcharge, in combination with the GA facilities and services charge, reaches market value. The capital project surcharge is included in the OFM revolving fund adjustments made to agency's operating budgets.

The financing cost-recovery charge (debt service) applies to those facilities being purchased, constructed or undergoing major renovation, and will begin once agencies occupy the new or newly renovated space. This charge, like the Capital Project Surcharge is an OFM revolving fund adjustment.

GA will include financing plans in its Ten-Year Capital Plan requests for such new construction or major renovation projects. Tenant agencies must include funds in their operating budget requests to pay the financing cost-recovery charges in the biennium in which they occupy the new or newly renovated space. GA and the tenant agencies will coordinate their requests.

2.5 The Ten-Year Capital Plan Submittal

What should the ten-year plan include?

Agency capital narrative provides a linkage to the agency mission and strategic plan, its capital facilities and their condition, and performance measures in the operating budget related to programmatic capital project requests. Also, an explanation of changes from the previously submitted Ten-Year Plan, and expected policy initiatives in the next decade. The capital narrative should:

- Link to the strategic plan and/or how the project accommodates strategic direction.
- Be consistent with operating budget requests.
- Describe why this project is the preferred alternative and how this project addresses the described need.
- Briefly describe alternatives considered and consequences of deferral.
- Include updated information about each project, and describe major changes from the Governor's 2001-2011 Capital Plan.
- A C1 – Ten-Year Capital Program Summary, printed from

the CBS, listing the projects in the Ten-Year Plan in priority sequence.

What should the biennial budget request include?

Preservation budget request describes those proposed projects intended to preserve and protect existing physical assets. The preservation request should be based on the backlog reduction plan that is further described in Section 10. Preservation requests also need to include narrative regarding:

- Ties to strategic direction.
- Program impact of deferral.
- Describe priority of action.
- Alternatives of reinvestment (preservation vs. replacement) if preservation costs exceed 50 percent of the value of asset being maintained.

Program budget request lists those projects necessary to address program needs. Performance measures from operating budget proposals should be submitted with the related programmatic capital project request.

Grant budget request identifies agency performance measures from operating budget proposals related to the grants.

Alternate financing request identifies those proposed projects involving contractual arrangements for space or facilities. Alternate financing requests must be supported by an economic analysis based on the lease versus purchase decision model. Lease or debt service costs should be requested as part of an agency's operating budget during the biennium in which they occur.

Capital budget FTE summary displays actual staff and expenditures charged to capital projects in the 2001-03 Biennium and proposed staff and expenditures in the 2003-2005 Biennium. The report format and the policy guidelines for administrative and staff costs in the capital budget are contained in Section 6.

As directed by the 2001-2003 Capital Budget, the Joint Legislative Audit and Review Committee (JLARC) is conducting a study of staff, administrative and overhead costs associated with agency capital programs. Much of their analysis for this study will be based on agency responses to a detailed survey and information focusing on 2001-03 and earlier. OFM will be reviewing agency responses to the survey, as well as information submitted as part of 2003-05 budget requests.

2.6 Format of Submittal

Each section of the Ten-Year Capital Plan should contain a brief narrative describing the process used by the agency to select the projects. This narrative should clearly describe how projects are identified and prioritized among agency programs or locations.

The biennial budget request should contain the following:

- Form C-2, present these forms in agency priority order of projects proposed for implementation in each of the next five biennia.
- Capital project request from CBS.

Additional information required for projects over \$1 million and for certain proposals (lease versus purchase model).

Electronic submission of "CBS" at website

Electronic submission of capital budget data through the CBS is required. The Capital Budgeting System (CBS) is available through the web at one of two sites. For users who have access to the Statewide Intranet the address is <http://bass.ofm.wa.gov/basspr/>

If you cannot access this site or <http://swfs.ofm.wa.gov/>, you do not have access to the Statewide Intranet and will need to access through the Secured Fortress Server. To access the system through our Fortress server, the address is <https://services-bass.ofm.wa.gov/basspr/>.



You will need special access to use the Fortress server. The BASS Security Authorization Form has a selection, Statewide Intranet Access, to request access to the Fortress server. **Any changes to an agency's capital plan that occur after original submission must be submitted both as hard copy and through CBS.**

Agencies shall submit **five** copies of their Ten-Year Capital Plan, by Tuesday, **September 6, 2002**. Electronic files of the narrative materials are requested on a CD in Microsoft Office format.

Address submittals to:

Tom Boyer or Marziah Kiehn-Sanford
Office of Financial Management
P.O. Box 43113
Room 301, Insurance Building
Olympia, Washington 98504-3113

2.7 How Projects will be Evaluated



Program projects: Evaluation of capital budget program requests may include, but not be limited to, analysis based on the following criteria:

- Linkage to the strategic plan and/or how the project accommodates strategic direction.
- Is the project consistent with operating budget requests?
- Why is this project the preferred alternative?
- How does this project address the described need?
- What is the cost of the project in relation to other projects of a similar nature? Baseline will come from projects both within and outside of Washington State.

Preservation projects: Analysis may include:

- Program impact of deferral
- Tie to strategic direction
- Maintenance history
- Condition of asset as described in the facility inventory system (FIS)
- Accurate and up to date information in the FIS
- Cost of preservation vs. replacement

Grant projects: Analysis may include:

- Statutory requirements and limitations
- Overall budget limitations



SECTION 3

The Capital Project Request

Using projects to build your budget

Projects are the primary building blocks to use in preparing your capital budget. The BASS Capital Budgeting System (CBS) is designed to support state government agencies in the development and preparation of capital budget proposals. This document is intended as a companion document with the CBS tutorial. The Tutorial describes how to navigate the CBS system while this document describes the individual data elements required for budget submittal.

When creating a project, you must give CBS some key elements that place it within the organization of your budget.

- The **version** you select tells CBS what group of related projects you are adding it to.
- The **project format** you select tells CBS what type of project you wish to create: capital project, omnibus minor works or grants management.
- The **title** is where you give it unique identity within your agency. The title you assign to the project will remain with it throughout your budget process.
- The project **class** can be used to sort projects by preservation, program, or alternatively funded. The project class drives the middle section of the project number.
- The **starting fiscal year** will help identify your project as the beginning of the project number.
- The unique identifier of a project **number** (last three digits of the project number) may be assigned by CBS for new projects.

Electronic submission of capital budget data through the CBS entry system is required

The CBS system is an internet-based application for state agencies to use as a tool for analysis of internal options, sharing with stakeholders and finally, submission to OFM. Submission through the CBS system is not intended to replace submission of a paper capital plan. The reporting feature of the CBS offers some of the documentation needed for the paper submittal. Other information will be required in a paper only format.

3.1 Using the CBS System

The following is not intended to train you on how to use the system, or replace the CBS tutorial that is a separate document. It is a summary of highlights.

Data element descriptions

CREATE PROJECT

Project title – Titles should convey location, facility name, and type of activity. Location is the site or complex name. Type of activity is a word or phrase that describes what you are proposing. Examples of appropriate titles are: "UWB/CCC Cuban History Hall; New Construction" or "Capitol Campus – West Campus; Design and Construct Parking Structure for 3000 Cars."

NOTE: Project number – The eight-digit number assigned to the proposed project can be generated automatically by the CBS in three parts. The format is YYYY-C-PPP, where: YYYY corresponds to the starting fiscal year of proposed implementation. C is the project class, and PPP is the unique project identifier within project class and agency (generally assigned in sequence by CBS, and no longer represents priority).

Use the current project number information (starting fiscal year, class, and unique project identifier) if this project is currently listed in the Ten-Year Capital Plan. Enter the starting fiscal year and let CBS assign the unique project identifier for new project requests in the 2003-05 Biennium.

Project class – Represents the classification of each request as outlined earlier in this document. The class selected serves as the middle digit of the project number.

1. Preservation project
2. Program project
3. Alternate financing project
4. Grant

GENERAL INFORMATION TAB

- **Previous project ID (if previously requested)** – Enter the previous project ID if this project was requested in a previous budget.
- **Is this project compliant with the Growth Management Act** – SHB 2648 requires several questions to be answered in conjunction with local coordination and the Growth Management Act. These will be handled as part of a paper submittal. See Section 1.3 for additional information. The Office of Community Development is required to assist agencies in answering the questions and is available to direct agencies how and where to obtain information. Contact Holly Gadbaw, Office of Community Development at (360) 725-3048 or Hollyg@cted.wa.gov.



OFM priority – The one-digit number that describes the OFM priority being addressed by this project is entered in the CBS Entry System.

1. Protection of people
2. Protection of assets
3. Protection of environment
4. Cost savings
5. Program need or requirement

The project priority structure classes are detailed in Section 1 of these instructions.

New project types

Type of project – Select a category that best describes the proposed project.



A new numbering system has been adopted for project type:

- 1) Health, Safety and Code Requirements (minor works)
- 2) Facility Preservation (minor works)
- 3) Infrastructure Preservation (minor works)
- 4) Program (minor works)
- 5) Remodel/Renovate/Modernize (major projects)
- 6) New Facilities/Additions (major projects)
- 7) Infrastructure (major projects)
- 8) Grants
- 9) Acquisition-Land
- 10) Acquisition-Facilities
- 11) Alternative Financing
- 12) Special Programs
- 13) Project Management

Health, safety and code requirements are projects whose primary purpose is to correct facility or infrastructure deficiencies or conditions that: a) adversely affect the health and/or safety of building occupants or users of the facility; or b) are in violation of federal, state or local codes or regulations.

Facility preservation projects have a primary purpose to correct facility deficiencies or conditions that: 2) adversely affect the ability to utilize a facility or building system for its current programmatic use; b) reduce the life expectancy of the facility or building system; and/or c) increase the operating costs of the facility or building group for its current programmatic use.

Infrastructure preservation projects have a primary purpose to correct infrastructure deficiencies or conditions that a) adversely affect the ability to utilize the infrastructure for its current programmatic use; b) reduce the life expectancy of the infrastructure; and/or c) increase the operating costs of the infrastructure for its current programmatic use. Infrastructure preservation projects shall be grouped into the following:

- Structures and surface improvements (roads, bridges, sidewalks, curbs, parking lots, water drainage/retention, culverts, retaining walls, tunnels, etc.).
- Site amenities (e.g., landscaping, lighting, etc.).
- Utility systems (outside building footprints).
- Natural environment changes or requirements as part of an environmental regulation.

Program projects have a primary purpose to accomplish a program goal including but not limited to: improving the quality of existing space; reconfiguring or altering the use of existing space; and/or adding space. Program projects shall be grouped into agency defined subcategories that are consistent with and reflect the agency's programs, functional activities, and/or departments; the geographic location of facilities and/or the agency's strategic goals.

Remodel/renovate/modernize (major projects) – The state accounting guidelines refer to this type of project as "extraordinary repairs, betterment, or improvements." Included within this category are expenditures that increase future benefits from an existing fixed asset beyond its previously assessed standard of performance. Increased future benefits typically include:

- An extension in the asset's estimated life.
- An increase in the capability of an existing fixed asset.
- A substantial improvement in the quality of an asset.

An example of a project in this category is the replacement of the mechanical and electrical systems, which results in the extension of a building's useful life. A major project is required to go through the predesign process and has a cost of \$5 million or more.

New facilities/additions (major projects) – This project type is used to identify construction of a new structure on either existing property or on property purchased as part of the total project. An addition is a project that expands or extends and is physically linked to an existing fixed asset. An example of an addition is the construction of a new wing for an existing building.

Infrastructure (major projects) – Projects to create or repair utility or transportation systems, provide for flood control, improve navigable waterways and improve energy systems are examples of infrastructure improvements.

Grants – Grant projects provide capital appropriations to state, tribal, local or community organizations for development of special facilities. In general, grant programs are either established in statute or have specific legislative provisions associated with the dispensation of the appropriated funds.



Acquisition, land – This type of project includes the acquisition of land, but not facilities. An example of an acquisition is the purchase of a tract of land to construct a new facility. Acquisitions should be requested separately from other project requests except where the purchase is part of a new facility or a new addition and acquisition costs are included in another project category.

Capital project requests for acquisition activities should include an attachment to the Form C-2 that provides the following information:

- The result of the agency analysis that ensures that the land proposed for acquisition will meet agency and program needs. Be sure to identify its eventual use.
- The result of an environmental review and engineering inspection of the property that ensures its suitability in terms of condition and location; and
- The proposal for financing improvements.

Identification of the long-term future operating costs associated with the acquisition.

Acquisition, facilities – Acquisition of a facility generally also includes the land on which the facility exists. Acquisitions should be requested separately from other project requests except where the purchase is part of a new facility or a new addition and acquisition costs are included in another category.

Capital project requests for acquisition activities should include an attachment to the Form C-2 that provides the following information:

- The result of the agency analysis that ensures that the facility proposed for acquisition will meet agency and program needs. If additional property is being acquired, be sure to identify its eventual use.
- The result of an environmental review and engineering inspection of the facility that ensures its suitability in terms of condition and location; and
- The proposal for financing improvements.

Identification of the long-term future operating costs associated with the acquisition.

Alternative financing – The acquisition of space (or improvements to existing space) through a contractual agreement where a third party provides the capital facility.

Special programs – This category includes "project non-specific" programs, such as the Housing Trust Fund Program, various referendum programs, pass-through grants to local governments, etc.

Project management – This category is established for agencies that budget project management personnel with a single appropriation. For example, GA funds Engineering and Architectural Services (E&AS) in this way; the Department of Social and Health Services also uses this approach for its capital program. Agencies electing to use this type of project management funding should contact their OFM capital budget assistant.

Description TAB

Project published summary – Each project should have a brief description of its purpose, written in complete sentences. This text will be loaded into the OFM BuildSum system and will serve as the starting point for OFM text that describes items funded in the Governor's budget. Strive for succinct, precise, and non-technical text. The text should avoid jargon and acronyms and be clear to an audience that isn't necessarily an expert on the issue. We suggest that agencies limit this text to about 100 words. We encourage agencies to look at examples in the last budget for guidance on the kind of summary information we are looking for. The link below will take you to Agency Details published for the 2001-03 capital plan proposal.

<http://www.ofm.wa.gov/budget01/capital/detail.htm>

IMPORTANT CHANGE



Project description – This narrative should briefly describe the nature of the project – why it is necessary, what it is, where it is, and what it will do (for example, “this project will renovate three wards at Western State Hospital in order to meet fire/safety requirements”), as well as identifying the benefits to the agency in terms of increased or new service benefits the agency will be able to provide to the public or its clients. The Project Description text block in CBS will pre-fill with appropriate questions for each project format. Use these questions as a guide. They may be edited and deleted as necessary to help you write a thorough description of the project.

For reappropriations: Explain the current status of the project, specifically what the reappropriation is to be used for and when the work will be complete. Indicate the number of times that the project funds have been reappropriated and the percentage of the original appropriation that remains unexpended and explain why the appropriation remains unexpended. Note that reappropriations referencing Section 906 of the 2001-2003 Capital Budget will lapse on June 30, 2003.

***Sub projects and
funding TAB***

This tab is for entering data regarding how the project request is to be funded.

- **Fund code** – The fund code and appropriation type (e.g., “057-1”).
- **Estimated total cost (automatically calculated)** – The estimated total escalated cost of the project (for all biennia).
- **Prior biennium expenditures** – Expenditures through June 30, 2001. (Any historical data used by an agency in the preparation of its capital budget request must agree with the end of biennium actuals as reported through the AFRS system.)
- **Current biennium expenditures** – All actual and estimated expenditures between July 1, 2001 and June 30, 2003 are identified.
- **Reappropriations** – The estimated amount of the 2001-03 appropriation that will be required for reappropriation in the 2003-05 Biennium. It is important to ensure that current biennium expenditures plus the reappropriation do not exceed the original appropriation authority.
- **New appropriations** – The new appropriation request for the 2003-05 biennium, as well as any project costs in the four subsequent biennia (including inflation allowances) is shown here.

Operating impact TAB

Information about project operating and administration costs and FTEs associated with the project are entered here.

The operating budget costs (or savings) associated with the proposed project, including the cost of staffing and maintaining the facility is shown here. If the amount is significant, please attach a separate page with a detail of FTE, program, building operation, utility and other costs.

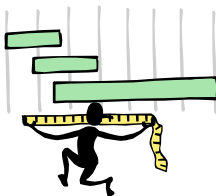
The cost in dollars for contract administration during construction is included on the C-100.

RCW 43.88.030 requires agencies proposing the acquisition of land or capital improvement of land for which the primary purpose is recreation or wildlife habitat conservation to identify the projected costs of operation and maintenance for at least the two biennia succeeding the next biennium. Omnibus lists of habitat and recreation land acquisitions must include individual project cost estimates for operation and maintenance as well as a total for all state projects included in the list, identifying the source of funds from which these costs are proposed to be paid. Please contact OFM for more instructions on reporting this information.

Project Summary TAB

The **Project Summary** tab summarizes the project cost estimates by phase and category from one or more C100 worksheets. This summary can be imported from the Excel C100 template (see section 3.3) created text file or may be hand entered if the Excel C100 template is not available. Imported projects will assume the agency, project number, and project title as defined in the opened project where the import is requested. All information on the **Project Summary** tab will be electronically submitted to the OFM Budget Division.

3.2 Project Schedule Estimates



The Project Schedule by Phase and Activity provides a historically based estimate of time breakdown detail of the design and construction sequence, expressed as a function of project value. Other scheduling considerations also are identified. In addition, the overall schedule must account for the anticipated budget approval cycle, funding cycles, and other activity cycles particular to each agency. The planning cycle itself impacts the project development schedule.

The project scheduling process requires careful and detailed planning. Consider not only the desired start/finish dates, but also the intermediate milestones that are to be achieved. Evaluate the schedule requirements both for activities occurring before the milestones and those following. Creating even the most preliminary project schedule will involve at least two points in time—project start and project completion. Milestones may be predetermined by external constraints or established by choice, depending on the specific situation such as weather considerations.

Phase schedule – The start and completion dates for each phase of the project are estimated along with the associated cost. This tab provides space for both preliminary estimates (right columns) and more detailed estimates taken from completed C-100 forms (left side). There are four major phases associated with completion of major projects:

- Pre-design**
- 1. Pre-design** – The pre-design phase is defined as the first phase of a major capital project and is conducted prior to the design phase. All major projects greater than \$5 million should include a separate and distinct pre-design phase (see OFM *Pre-design Manual*).

The objective of pre-design is to define and balance the elements of agency strategic plans, master planning, scope, schedule, budget, and siting by addressing the questions of why, how, where, and when. Pre-design involves a disciplined methodology of data collection, analysis, organization, communication, and evaluation through which all the human, physical, and external influences on a facility's design may be explored.

Pre-design includes those tasks necessary to establish an agency's programmatic, financial, schedule requirements, and limitations for a project. It does *not* include tasks such as master planning, ADA evaluations or historical documentation. Pre-design is the first step in the major project planning process. It lays the foundation of information to enable the Legislature to evaluate how the project matches the agency's programmatic needs. Following approval, the pre-design then allows the designer to respond effectively and economically to an agency's program requirements within the parameters defined for their facility.

- Design** 1. **Design** – The design process incorporates all prior predesign or information from the administering agency into written and graphic documents. These documents form the basis for taking bids and constructing the facility. In the design phase, the needs, ideas and proposals of the agency are transformed into plans and specifications.

Normally, the design phase consists of three basic parts, each of which includes preparation of both drawings and written specifications:

- Schematic design
- Design development
- Construction documents

For most construction projects, an architect/engineer (A/E) assumes overall responsibility as the owner's agent for the design, bid, and construction observation functions. This includes ensuring that the project is completed within the limits of an established budget. The A/E also coordinates the activity of other design professionals working on the project.

- Construction** 2. **Construction** – The construction phase transforms the needs, ideas, and proposals of the agency, as defined by the plans and specifications, into a physical structure. The construction phase begins with the bid and continues to final acceptance of the construction project. Upon completion and approval of the final construction documents, including the bidding requirements, the project is ready to be released to contractors to obtain proposals or bids.

- Other** 3. **Other** – The project phase termed **other** includes, but is not limited to, the acquisition of land, structures and buildings. Property acquisition costs include the cost of purchasing sites or facilities, and all attendant costs necessary to prepare the property for agency use. The costs of site improvements, right-of-way, or conditions of the purchase must be included in the cost of acquisition if such items are required in order to use the property for its intended purpose.

Project requests that include pass-through programs and other unique, non-construction kinds of activities fall into this category as well.

3.3 Completing Form C100

The Capital Project Cost Estimate Form (C100 Form) is a tool to assist agencies and institutions in creating a project construction budget. It can also be an analysis tool to help agency management, and executive and legislative decision-makers understand the costs and other parameters associated with many aspects of the project. And, in a similar manner, it can measure capital construction performance at both the agency/institution level and in a statewide perspective. The C100 Form is NOT an accounting tool; it does not create lines of cost codes nor does it create an association of funds for payment of the various budgeted items.

The C100 Form

When to use the C100 - Agencies are required to prepare and submit **Form C100**, Capital Project Cost Estimate, for:

- The "preferred alternative" on all Major Projects exceeding \$5 million, which have completed the predesign phase. If the project for which the request is being made has not undergone a Predesign Study in accordance with OFM's *Predesign Manual*, only Section B1 of Form C100 and the Project Statistics information, including the estimates of total project cost, should be completed and included with the request. If a *Predesign Study* has been completed, a copy of the study, including Form C100, should be submitted with the agency's request for continuation of the project.
- All requests for single projects greater than \$1 million are also required to include a completed C100 form. Projects greater than \$1 million in the out biennia of the plan are **NOT** required to have a completed C100 form.
- Projects of lesser value may also include the C100 form to support the request.

Form C100 identifies the principal assumptions used for cost estimates. Every project is unique and the list of cost items on the C100 Form may not be all-inclusive. Cost items other than those listed may already be known, or subsequently discovered as more information about the project becomes available. Costs specific to each project must be developed based on the need for that project as documented in the *Predesign Study*.

The C100 Form provides both a detailed and summarized cost estimate for capital projects. After completing a C100 Form, you can manually enter or simply import the data from the Project Summary tab into Budget and Allotment Support System - Capital Budget System (BASS CBS). The summarized data will be included on the C-2 report you print out of CBS. Include an electronic copy of the completed C100 Form along with all other pertinent estimating information or other backup information with your Capital Budget request to OFM.

C100 Form – more than a spreadsheet

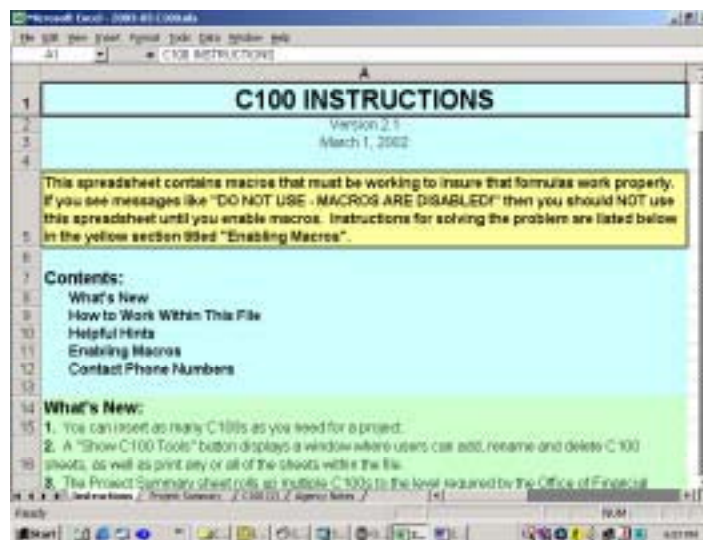
The C100 form is an Excel workbook that is protected. Consequently, the worksheets within it cannot be moved or deleted in the usual manner. This protection is necessary to ensure an accurate rollup of the C100 detail in the format required by CBS for data import. As a result of this protection you will find that many Excel functions are disabled while you are working within this file. These differences are listed in the Instruction tab within the C100 Form.

More information on the Excel C100 Template and Project Summary can be found on-line at www.ofm.wa.gov/capital.htm.

C100 orientation

The C100 form contains the following worksheets:

1. Instructions worksheet: Contains a quick summary of new features and instructions on how to use the new features within the file. It also gives you some helpful hints on how to work most efficiently, help in getting the macros running and contact information when you have questions.



2. **Project summary worksheet:** Summarizes all C100 worksheets within the C100 Form to the level required by CBS. Once the entire C100 Form is completed you can import the data from this worksheet directly into a project in CBS. Or, you can enter it manually.

The screenshot shows a Microsoft Excel spreadsheet titled "STATE OF WASHINGTON AGENCY/INSTITUTION PROJECT COST SUMMARY". The spreadsheet is organized into several sections:

- Header Section:** Includes fields for "Agency", "Project Name", and "Project Number".
- Contact Information:** Includes fields for "Analyst Name", "Analyst By", and "Contact Phone Number".
- Statistics:** A table with columns for "Primary", "Secondary", and "Total". Rows include "Gross Square Feet", "Net Square Feet", "Building Type", "Is project a renovation?", "AP Fee Class", and "AP Fee Percentage".
- Schedule:** A table with columns for "Start Date" and "End Date". Rows include "Design (start/end)", "Construction (start/end)", and "Construction (end)".

3. **C100 worksheet:** A cost estimate worksheet for the entire project or a sub project. It uses current year cost estimates, the project schedule, type of project and various rates to provide escalated costs of the final project. Each C100 worksheet is calculated independently from other C100 worksheets within the same C100 Form. This allows you to have more than one C100 worksheet within a single C100 Form. For example, you may be repairing the roofs on several buildings at different times during the biennium. In this case you could have a C100 worksheet for each building. Totals of the entire project are summed up on the Project Summary worksheet.

The screenshot shows a Microsoft Excel spreadsheet titled "STATE OF WASHINGTON MUNICIPALITY/INSTITUTION COST ESTIMATE". The spreadsheet is organized into several sections:

- Header Section:** Includes fields for "Agency", "Project Name", "Project Number", and "Project Location".
- Project Location Table:** A table with columns for "Start Date" and "End Date". Rows include "Design (start/end)", "Construction (start/end)", and "Construction (end)".
- COST ESTIMATE Table:** A table with columns for "Primary", "Secondary", and "Total". Rows include "Gross Square Feet", "Net Square Feet", "Building Type", "Is project a renovation?", "AP Fee Class", "AP Fee Percentage", "Design (start/end)", "Construction (start/end)", "Construction (end)", "Total Project Cost", and "Escalated Project Cost".

-
- The screenshot shows the Microsoft Excel 2003 interface. The title bar at the top reads "Microsoft Excel - Book1-2003.xls". Below the title bar is the menu bar with options: File, Edit, View, Format, Window, Tools, Data, Window, Help. The formula bar displays "A1" and "1". The spreadsheet grid is visible, with columns labeled A through L and rows numbered 1 through 27. The status bar at the bottom shows "Ready" and "Sheet1: Sum of 1:10 = 55". The Windows taskbar is visible at the bottom, showing the Start button and several open applications.

C100 Tools [X]

Cancel

C100 Sheets

C100 (2)	Add New C100 Sheet
	Rename a C100 Sheet
	Delete a C100 Sheet

Print Options

☒ Project Cost Summary ☒ *Text Only - No Shading or Lines*

☒ ALL C100 Sheets

☐ Selected C100 Sheet Above

☒ Agency Notes

☐ Instructions

Print Preview

C100 Options: The upper section labeled “C100 Sheets” gives you the ability to Add New C100 worksheets, rename C100 worksheets or to delete C100 worksheets.

- a. **Add a New C100 Worksheet:** Pressing the “Add New C100 Sheet” button to add a new C100 worksheet to the C100 Form using a default worksheet name (e.g., C100(3)).
- b. **Rename a C100 Sheet:** Select one of the C100 Sheets listed under “C100 Sheets”. Press the “Rename a C100 Sheet” button and you will be prompted to enter a new name for the selected C100 worksheet.
- c. **Delete a C100 Sheet:** Select one of the C100 Sheets listed under “C100 Sheets”. Press the “Delete a C100 Sheet” button. You will be prompted to make sure you really want to delete the selected sheet.

Print Options: The lower section labeled “Print Options” gives you the ability to preview any combination of the worksheets within the C100 Form. Each selected sheet is properly formatted and displayed in a Preview window so that you can make any last minute adjustments before printing. It also allows you to turn off the shading and lines for a faster print.

- a. **Selecting worksheets:** Select one or more of the worksheets by clicking on the Print Option checkboxes. The “Selected C100 Sheets Above” option will only be enabled when you have one or more C100 sheets selected in the “C100 Sheets” section. A check means the worksheet will be included.
- b. **Text only – no shading or lines option:** When this option is checked, no lines or shading will be printed. This speeds up printing.
- c. **Print preview button:** Press this button to preview your selections. You can make adjustments to the formatting and print your sheets from the preview window.

Press the “Cancel” button to close the C100 Tools screen.

For more information regarding the C100 Form, please refer to OFM’s web site at:

<http://www.ofm.wa.gov/capitalforms/excelinst.htm>.



SECTION 4

Guidelines for Determining Architect/Engineer Fees for Public Works Building Projects

Use of the guidelines



The fee guideline should be used as background information in preparing capital budget requests to determine the A/E basic services fee in fixed price agreements and percent of construction cost agreements. The guideline defines the standard basic services (based on the definition of basic services) that should be included in each design phase of state public works projects for the typical design/bid/build process. It also provides further definition of what are considered reimbursable expenses, extra and other services.

Agencies may choose to pay design consultant fees or allow extra and other charges in a manner other than described in this guideline, and any additional cost (above the level this guideline provides) may be paid from other agency resources.

Basic services - percent fee compensation

The standard fee schedule has been prepared to establish a basis for determining the scope and cost of design services, and focus the attention of agencies on the quality, capability, and prior performance of the firms being selected for public works projects.

The fee schedule is to be used for capital budget request preparation. The actual contracts for basic services payable to the A/E shall be a negotiated fixed amount or a percent of the construction cost of the project not including fees, licenses, permits, sales taxes, and change orders caused by A/E errors or omissions, or change orders which do not require services of the design consultant. Based on the specific circumstances of each project, the final negotiated fee may be above or below the guidelines shown on the schedule. Pending a construction contract award, the percent based A/E fee for basic services shall be computed using the Maximum Allowable Construction Cost (MACC) estimated at time of bid (see glossary for definition of MACC). In addition to the basic services fee, allowances will be negotiated for services not covered in the basic services contract. The Excel C100 Template will calculate the A/E Basic Fee based on the fee schedule and MACC.

Guidelines for Determining Architect/Engineering Fees for Public Works Building Projects

<i>Remodel design</i>	A/E costs and effort may vary greatly for remodeling projects. Consequently, remodeling projects may be increased by up to 2 percent for basic services. The Excel C100 Template will automatically calculate this increase.
<i>Fee modifications</i>	There may be considerable variance between projects of a similar size and type, which may necessitate modification of the A/E fee schedule. Refer to GA's Consultant Selection Guidelines for further details.
<i>A/E extra services/reimbursable and other services</i>	See OFM's web page at: http://www.ofm.wa.gov for more information regarding A/E fees.
<i>Professional liability insurance</i>	Reimbursement of excess premium costs will be considered as a reimbursable cost where coverage is required in excess of \$1 million.



SECTION 5

Financing Guidelines

Capital projects may be financed by a variety of methods ranging from cash to various forms of long-term debt. The most common financing alternatives and their distinguishing characteristics are described below. Each of these methods is more appropriate for some projects and less appropriate for others. Questions concerning the selection of financing options by the requesting agency, or about a specific financing proposal, should be referred to your OFM operating or capital budget analyst.

The use of debt financing allows the state to undertake the development or acquisition of capital assets not affordable within current state revenue. In this way, the state can realize the benefits of these assets while spreading the cost over a number of years. Debt financing represents the irrevocable commitment of future dollars and therefore must be evaluated in relationship to the long-term benefits it provides.

Agency needs for new capital assets, as well as preservation and renewal of existing state assets, will always far exceed available resources to pay for them. Projects financed with bond funds or other alternative long-term financing should be carefully chosen to reflect the highest priority capital needs for Washington State. The following OFM guidelines define when it is appropriate to use long-term financing to fund capital improvement projects and related costs and what form of financing is appropriate to the different types of projects.

5.1 Methods of Financing



- **General obligation bonds** are the traditional form of government debt financing for major construction projects. The state pledges full faith and credit and taxing power to pay principal and interest. The term of the bond is usually 25 years. The interest paid to investors is exempt from federal income tax and the rates are typically 2 percent below taxable bonds. General obligation bonds are subject to the 7 percent state debt limit. Legislation authorizing general obligation bonds requires a 60 percent vote by the Legislature.
- **Reimbursable bonds** are a form of general obligation bonds. The difference is the source of payment. Reimbursable bonds are paid from sources other than the general fund. In 1993, reimbursable bonds paid from sources within the state treasury were included under the debt limit and replaced revenue bonds.

- **Certificates of participation (COP)** are a form of debt financing contract with individual investors. COPs are sold in the public securities market and the interest earnings are tax-exempt. Debt service payments are made from operating budgets.
- **Lease purchase and lease development** cause a building to be built or substantially remodeled to state specifications by a private developer. In both cases, the developer finances the project and recovers the cost through lease payments. At the end of the lease period, the state may exercise the option to purchase at a predetermined price. There is no tax exemption for the developer and market interest rates prevail.
- **Long-term lease** – The standard lease term employed by the state is five years; however, if an agency has a consistent and stable presence in the location **AND** there is a demonstrated economic advantage to the state, a lease up to 10 years may be negotiated, and approved by GA. A long-term lease of up to 20 years can be negotiated by GA and must be approved by OFM. Long-term leases are not considered to be a debt of the state. Lease payments are made from agency operating budgets.

5.2 Allowable uses of Long-Term Financing

Acquisition - land and buildings



Expenditures for the acquisition of real property whether obtained by purchase or by condemnation under the applicable eminent domain laws of the state of Washington, include expenses directly and necessarily related to such purchase or condemnation. Acquisition expenditures may include the cost of existing structures improving the real property such as buildings, structures, facilities, roads, parking areas, and bridges. Financed land costs include the following: land and improvement costs, appraisal fees, title opinions, surveying fees, real estate fees, title transfer taxes, easements of record with an extended term, condemnation costs and related legal expenses.

Land purchases should be consistent with agency master plans and reflect actions taken to meet growth needs in the long-term. Financed land purchases for the purpose of investment or land banking should be avoided.

***Consultant services -
predesign and design***

These are expenditures related to architectural/engineering planning and design required for developing and implementing a specific capital improvement project. They can include preliminary technical studies developed from program statements that reflect the functional characteristics and architectural requirements of a financed capital improvement project (predesign); costs for schematic design and design development; and completion of construction documents and detailed working drawings required for bidding and construction. Also included are costs for “extra and other services,” and reimbursable expenses provided within an executed contract for professional and technical services (see Section 4). Fees for construction management and observation are also financed as part of the project.

Permit services

Fees for services for environmental or other construction permits required for developing and implementing a specific capital improvement project may be financed as part of the project.

***Planning documents not
appropriate for bond
financing***

Expenditures for general long-range development plans, master plans, historical or archeological research, feasibility studies, statements, energy audits or other expenditures similar in character are *not* financed from bonds or other long-term financing. These costs should be contained in the agency's operating budget.

Construction

Site work – Site improvement expenditures include costs related to a financed capital improvement project including demolition, rough and final grading of a site, and the construction or replacement of sidewalks, road and driveway pavement surfaces, bridges, ramps, curbs, overpasses, underpasses, pedestrian bridges and tunnels, surface parking areas, campground development, building terraces, retaining walls, exterior lighting, and seeding or sodding for erosion control. Landscaping costs are financed only if included in a larger financed capital project. Site improvement projects not part of a larger capital project may be financed if the structure or improvement provided is permanent and meets all other tests and requirements of these guidelines. Demolition of buildings, structures, removal of trees and plant material, grading, rerouting utilities, and erosion control are financed when they precede a financed project to be undertaken on the same site. Clearing of land or demolition of vacant buildings is usually financed only in preparation for a financed construction project.

Financed road work may include construction of a new road or parking lot, extension of a road or parking lot, replacement, reconstruction, or upgrading a road or parking lot to a significantly more permanent surface. Examples include upgrading from gravel to oil and chip, oil and chip to asphalt, or asphalt to concrete. The financed road project includes all necessary signing, landscaping, erosion control, drainage, lighting, bridges, safety, and control structures. Repairs or resurfacing of existing roads to temporarily extend useful life are not financed.

Examples of work financed through capital appropriations include the following:

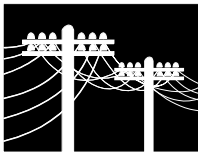
- Purchase of existing facilities and tenant improvements.
- Reconstruction of an existing building or structure, which may include demolition, as well as installation of new structural or interior walls, floors, ceilings, utilities, interior finishes, furnishings, and equipment.
- Exterior work, including exterior surface, structural or foundation work necessary to extend the useful life of the structure.
- Roof work that removes all or major portions of a roofing system down to the decking and replacement with a new system. Replacement of insulation, decking, and other necessary structural work may be part of a financed roof replacement project. Included in a financed project may be stone or metal work and other work necessary to direct and control water drainage and ice formation. Non-financed roof repairs include; patching, replacing shingles, spot treatment with tar or other roof materials, adding gravel or other materials, or other repairs. Replacing gutters, downspouts, fascia and other work is not financed as a project but may be included as part of a larger financed roof replacement project.
- Interior work generally involves the following elements of work: demolition, moving walls, new carpet or floor surfaces, new finishes, replacing electrical and plumbing facilities, changes to the heating or cooling system, and installation of new fixed or moveable equipment.



Facilities preservation – Expenditures for the reconstruction or preservation improvement of existing buildings, or structures are a financed expense. This category includes site developments necessarily required or related to the preparation of a site for reconstruction purposes; and required built-in, special-purpose, or other fixed equipment where such equipment is permanently affixed or connected to real property in such a manner that removal would cause consequent damage to the real property to which it is affixed. Also included in this category are expenditures for the installation or replacement of water control structures such as dams, culverts, aqueducts, drainage systems, locks, spillways, reservoirs, and channel improvements. However, normally recurring expenses associated with water control structure improvements are not financed, unless part of a larger financed project.



Safety and codes – The justification or need for such work determines program and budget priority but does not affect the source of funds to pay for the work. The criteria in these guidelines for interior and utility work will determine whether the proposed safety or code project is financed. Examples of non-financed work, unless included in a larger financed remodeling or reconstruction project, include: installation of fire alarms, smoke detectors, or automatic door closers.



Utilities – Financed utility costs include expenditures for the acquisition, construction, replacement, modification or extension of utility systems including: construction or replacement of utility lines between buildings, replacement or installation of utilities to off-site supply systems, replacement of complete boiler or central air conditioning or ventilation systems. Financed utility improvements include:

- Provisions for potable water, high temperature water for sanitary or other related purposes, domestic hot or chilled water.
- Systems and associated components for disbursing or providing electricity or telecommunications service, including underground or overhead distribution cables for television, computers, or other modes of communication.

- Steam and condensate returns.
- Storm and sanitary sewers.
- Fire hydrants and stand pipes.
- Central fire and security alert systems.
- Lighting systems.
- Tap-ons or extensions related to existing utility systems.
- Automated temperature or environmental control systems, and air or water pollution control systems.
- Provisions for the disposal of contaminated, radioactive, hazardous or surgical waste.
- Solar heating or other approved energy systems as part of a financed construction or reconstruction project.
- Sewage and water treatment facilities, equipment and related systems.
- Earth moving to create artificial lakes or reservoirs for utility or related purposes.
- Restoration of natural and manmade features of the site.
- Trenches or ditches dug for the purpose of laying tile or providing other means to remove excessive rainfall and prevent erosion.

Non-financed utility repairs generally include minor replacement of corroded or leaking pipes inside a facility, replacement of unsafe or undersized wiring, repairs to stop leaks or replace radiators, replacing heating or cooling coils, replacing fans or motors, retubing boilers, adding controls or valves for energy conservation, replacement of thermostats or timers.

Equipment

Durable moveable equipment is the initial moveable equipment, other than built-in equipment, which is necessary and appropriate for the functioning of a particular facility for its specific purpose and which will be used solely or primarily in the rooms or areas covered in the subject project. Such equipment is defined as manufactured items which have an extended useful life, are not affixed to a building and are capable of being moved or relocated from room to room or building to building, are not consumed in use, and have an identity and function which will not be lost through incorporation into a more complex unit.

Durable moveable equipment and equipment affixed or built into the building or structure is considered fixed equipment and may be a financed expense.

The following items may be financed when such items are part of a larger financed project:

- Office equipment and furniture.
- Books, maps and other library materials.
- Personal computers and network systems, including related electronic hardware when part of a financed new construction or major programmatic remodeling project.
- Machinery, implements, and major tools.
- Scientific instruments and apparatus with the exception of those items which are subject to a short useful life, i.e., glassware, tubing, crockery, light bulbs, etc. These items are more correctly defined as commodities. (See below.)
- Items of equipment purchased in quantity and have a significant useful life of a minimum of 13 years. These items should be identifiable for inventory control purposes.

Transportation costs and installation costs incurred with an outside source will be considered as part of the equipment costs for items funded by bonds after appropriate review by OFM.

Non-financed equipment include:

- Commodities such as glassware, crockery, light bulbs, and office supplies.
- Spare and replacement parts.
- Consumable items such as paper, pens and chemistry supplies.

Other costs

Relocation costs are payments made to owners or occupants of property that the state is acquiring. These costs may be financed when paid pursuant to federal or state statutes. The cost of moving furniture, equipment and supplies between facilities for state facilities are operating costs and not included in capital projects.

Non-financed expenses

The following are operating or other types of expenditures that are specifically **NOT** financed in capital projects:

- The cost of moving furniture, equipment, and supplies between facilities should not be included in capital projects.
- Projects (appropriation titles) which cost less than \$25,000 or which have an estimated useful life of less than 13 years.
- Ordinary maintenance such as: patching, painting, caulking, weatherproofing, insulating, adding storm windows, replacing doors, repairing vandalism or cleaning. An aggregation of ordinary maintenance does not create a financed capital project. Work undertaken as a result of deferred maintenance likewise does not normally make the project financed. Elements of work that are not financed if considered separately may be included in a larger financed project.
- Lease payments for rental of equipment or facilities.
- Costs for archeological digs, research, or exploration.
- Expenditures to acquire or construct temporary facilities or for facilities where abandonment or replacement is imminent. This does not include temporary facilities required by a contractor during construction such as a "job shack."
- Separate purchases of sand, gravel, rock, asphalt or concrete in limited quantities, ordinary hardware items, and temporary fencing.
- Spare or replacement parts and equipment, hand tools, SCUBA equipment, decorative models, plaques, commemorative memorabilia, supplies or other commodities.
- Purchase of automobiles, trucks, farm or construction equipment, boats, tractors, lawn mowers, fire engines, trailer mounted electrical generators, airplanes, helicopters and related items.
- Livestock or laboratory animals.

- Unpredictable or unusual legal expenses (other than those associated with land acquisition) which are not ordinarily provided within the budget for a capital project.
- Parking costs during construction.
- Agency expenses for capital budgeting, planning or other costs not directly related to the completion of a financed project.



SECTION 6

Agency Administrative and Staffing Costs

Capital construction funds, whether funded with bond proceeds or revenues deriving from fees or other cash, are dedicated to the acquisition, construction, and renovation of capital assets. These funds should not be used to subsidize operating budget costs. Agency administrative and other overhead staff costs have the highest likelihood for reprogramming into capital budgets. OFM will work with agencies to help prevent the shifting of planned operating budget costs to the capital budget.

Allowable agency staff costs must be specific to the capital project and directly relate to the execution of the project. For example, staff costs for consultant selection, in-agency design and project inspections are directly related to the execution of the capital project and are allowable costs. Staff costs not eligible for inclusion in a capital project should be included in the agency's operating budget.

6.1 Administrative Cost Standards

The following guidelines will help clarify appropriate budgeting of administrative and staff expenses for the completion of capital projects.

Agency capital budgeting, facility management, and planning functions

Agency administrative costs related to capital budget development, capital facility management, long-range budget planning and policy initiatives are more appropriately included in the operating budget, since they exist regardless of the particular composition of agency projects proposed each biennium.

Project management

Typical project management tasks, their definitions and preferred fund source for each task are listed below.

	Project Management Task	Fund
<i>Statewide capital process</i>	Statewide capital process	
	Non project-specific tasks associated with regulation and policy development, contract(s) development, inter-agency initiatives, legislative oversight, etc. Tasks in this category are generally performed, or directly supervised, by executive level agency staff	Agency Operating Funds

**Agency capital
development process**

Agency Capital Development Process

- | | |
|--|------------------------------|
| 1. Non project-specific tasks associated with overall general comprehensive planning for facilities and infrastructure, identification and prioritization of capital projects, and preparation of agency capital requests. Tasks in this subcategory are generally performed, or directly supervised, by executive or program management level agency staff. | Agency
Operating
Funds |
| 2. Non project-specific tasks associated with general support of project management operations, including staff management, staff support, general accounting, statutory accounting and management of public information related to an Agency's capital program. Tasks in this subcategory are generally performed by agency professional and technical staff. | Project
Mgmt. Fee |

Project consultant

Project Consultant

- | | |
|---|----------------------|
| 1. Routine project management tasks, associated with consultant selection, contract negotiation, and day to day administration of consultant agreements and public works contracts for individual capital projects. Tasks in this category are generally performed by agency professional staff. | Project
Mgmt. Fee |
| 2. Additional project-specific tasks that may be required due to specific project requirements or agency practice. Tasks include project design (when performed by agency professional staff in lieu of consultants); land use applications, environmental assessments, hazardous material assessments and other special design studies, not routinely required for all projects; and building code plan review services (when not otherwise performed by local jurisdictions). | Project
Expenses |

Bidding/contract award**Bidding/Contract Award**

- | | |
|---|----------------------|
| 1. Project-specific tasks associated with identification of project Agency base bid and alternates, determination of bid date and time, opening and evaluation of bids, and resolution of bidding irregularities when they occur. These tasks are routinely performed by agency management or professional staff. | Project
Mgmt. Fee |
| 2. Project-specific tasks associated with reproduction and distribution of construction documents for bidding including addenda, are routinely performed by the design consultant or agency staff. | Project
Expense |

Construction**Construction**

- | | |
|---|------------------------------|
| 1. Provision of Emergency Services (to the extent provided by an agency) and infrastructure management (utilities). | Agency
Operating
Funds |
| 2. Routine project-specific tasks performed by agency staff associated with administration of construction contracts, coordination of agency reviews of construction submittals, monitoring of project schedules, and monitoring of consultant and contractor performance. | Project
Mgmt. Fee |
| 3. Additional project-specific tasks that may be required due to specific project requirements or agency practice. Tasks include, building code inspection services (when otherwise not performed by local jurisdictions), enhanced construction phase administration for complex project, etc. These additional services may be performed by qualified agency staff or by consultants. | Project
Expense |

Agency contract administration

Agency staff frequently perform contract administration tasks – processing agreements and contracts, change orders, managing a bid process, verifying bills for payment, etc. – in the execution of a capital project. Common agency accounting practices for these costs involves either: 1) charging each project directly for costs incurred, or 2) assessing a project administration fee across agency capital projects and using the pooled funds to pay agency overhead costs.

Project administration fees may not exceed 3 percent of the total new appropriated project cost on projects of \$1 million and less, regardless of whether these fees are charged as a percentage or charged directly to a project.

For projects in excess of \$1 million, the project administrative fee will be based on the A/E Fee Schedule B, Basic Service, less 3 percent. This rate is intended to be a ceiling, not a target. Therefore agencies should evaluate their project administration requirements for each project when requesting these fees.

Agency design and professional staff

Some agencies employ professional staff for planning, environmental permitting and design services. These staff costs may be charged to capital projects only for the time and expenses directly related to performing the scope of work for the project appropriated in the capital budget. The remainder of those staff costs should be charged to the operating budget. The cost for agency staff should be estimated and incorporated into the total cost of the individual capital project and not as a separately identified staff cost. Agencies must identify these staff and their anticipated percentage FTE expenditure on capital projects on the agency's Capital Budget FTE Summary form.

Agency maintenance functions

Agency ordinary maintenance as well as costs associated with routine janitorial activities and the day-to-day upkeep normally funded by the operating budget are ongoing operating expenses and not charged to capital appropriations.

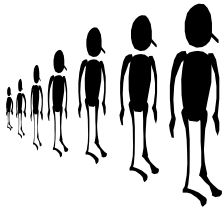
Agency trades staff costs may be charged to capital projects only for the time and expenses directly related to performing the scope of work for the project appropriated in the capital budget. The remainder of trades staff costs should be charged to the operating budget. Do not shift planned operating budget expenditures to capital project funds. The cost for agency trades staff should be

estimated and incorporated into the total construction cost of the individual capital project and not as a separately identified staff cost. Agencies must identify these trades staff and their anticipated percentage FTE expenditure on capital projects on the agency's Capital Budget FTE Summary form.

Self-performed agency labor

Agencies may choose to use existing or temporary staff to perform some elements of a specific capital project that might otherwise be accomplished by a construction contract. Examples might be the use of a Correctional Industries crew for asbestos abatement, assigning minor works activity to the Washington Conservation Corps, utilizing Americorps Construction Services, performing work under interagency agreements, or using agency trade staff to perform electrical work or related finishing work on a specific project. As noted above for agency trade staff, the cost for self-performed agency labor should be estimated as part of the total construction cost of the individual capital project and not as a separately identified staff cost.

6.2 Capital Budget FTE Summary



FTE figures, historically requested during the allotment process, will be required during the budget request process. Comparison to past biennium figures by fiscal year should reflect a reduction in FTEs unless there are significant changes in the level of appropriation for the agency. A narrative should be provided describing any increases or significant changes in the level of FTEs requested.

In addition to the identification of FTEs, it is necessary to identify the fund sources that will be used and level of anticipated expenditures.

The **Capital Budget FTE Summary** report is available for entry, print and electronic transmission of data to OFM from the BASS Capital Budget System (CBS). The CBS Tutorial has more information on **Capital Budget FTE Summary** entry.



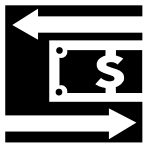
SECTION 7

Capital Savings

The Legislature has provided two opportunities for agencies and institutions to take advantage of savings that are gained from appropriated capital projects.

7.1 Capital Savings

Transfer between projects



The Governor, through OFM, may authorize a transfer of appropriation authority from a capital project that has funds required for the completion of the project to another capital project for which the appropriation is insufficient. This transfer is available to all agencies and institutions subject to certain provisos. Authorized agencies may request a transfer by submitting a letter to OFM stating a project is substantially complete and the amount requested.

Transfer to infrastructure project savings

Certain agencies have received an appropriation of \$1 in a project entitled Infrastructure Project Savings. This project is designed to allow agencies and institutions to transfer savings from completed projects into this project to be used for new infrastructure work. Funds transferred to this project can be used only for the following purposes: 1) Road and sidewalk repair; 2) roof repair; 3) electrical system repair; 4) steam and utility distribution system repair; 5) plumbing system repair; 6) heating, ventilation, and air conditioning repairs; and 7) emergency repairs due to natural disasters or accidents.

Report savings and transfer request to OFM

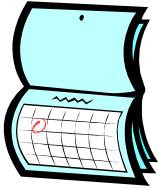
Agencies and institutions are asked to report to OFM the following:

- ☐ Project name;
- ☐ Project number;
- ☐ Fund source;
- ☐ Appropriation code;
- ☐ Appropriation amount;
- ☐ Savings amount;
- ☐ Project number; and
- ☐ Appropriation code and project description to which the savings may be transferred.



SECTION 8

Capital Expenditures**8.1 Reappropriations**



Many capital projects and acquisitions require more than one biennium to complete. Consequently, some project funding must be carried forward into the next biennium. Current requirements call for agencies to “reappropriate” the anticipated unexpended balance of an appropriation at the end of the biennium as a specific capital budget action in subsequent biennia capital budget bills.

Agencies are responsible for identifying all appropriations within the 2001-03 Biennium that will be requested as reappropriations in the 2003-05 Biennium. Project numbers, appropriation codes and descriptions must be retained to provide reasonable tracking of cost and identification of June 30, 2003 unexpended balances. Agencies are required to complete the CBS entry for each reappropriated project.

8.2 Lapsing Appropriations



There is a limited amount of resources available to meet many capital budget needs. When projects that been completed under budget or are indefinitely stalled for any reason, the appropriation for the project should be “lapsed” to free up the resources to meet other project needs. For this reason, agencies are asked to report savings from completed projects and funding for projects that cannot move forward. The funding for these projects will be lapsed at the end of the 2001-03 biennium. When issues that have stalled projects have been resolved, the project may be resubmitted in a future biennium. Minor Works Omnibus projects will not be reappropriated twice.

Agencies will have to enter complete reappropriated project information in the CBS program. See CBS Tutorial manual.



SECTION 9

Bond Fund Cash Flow Estimates

The Office of the State Treasurer (OST) asks selected agencies to provide information about bond fund cash flow estimates and descriptions of the expected use of bond proceeds. This information is used by OST to prepare sales plans for upcoming state bond sales. The sales plan is also used to calculate the bond retirement principal and interest expenses that are included in the operating budget. Information provided by agencies for this purpose will not be used to calculate reappropriation amounts (see Section 8). The Office of the State Treasurer will contact the agencies listed below to obtain the necessary information. The forms provided by OST, together with any additional supporting material, should be sent no later than **July 19, 2002** to:

Suzanne Coit
Office of the State Treasurer
P.O. Box 40200
Olympia, WA 98504-0200
Phone: (360) 902-9028; FAX: (360) 902-9045
E-mail: suzanne@tre.wa.gov

Agency	Fund Code	Fund Title
Community, Trade, and Economic Development	355	State Taxable Building Construction Account
Department of Ecology	051	State & Local Improv. Rev. Acct (Waste Disp. Fac.)
	055	State & Local Improv. Rev. Acct (Waste Disp. 1980)
	072	State & Local Improv. Rev. Acct (Water Supply Fac.)
Dept. of General Administration	045	State Vehicle Parking Acct (East Plaza Garage)
	350	Capitol Historic District Acct (Leg. Bldg)
Department of Health	072	State & Local Improv. Rev. (Water Supply Fac.)
Department of Transportation	099	Puget Sound Capital Construction Account
	108	Motor Vehicle Account
	215	Special Category C Account
	511	Tacoma Narrows Toll Bridge Account
Interagency Committee for Outdoor Recreation	070	Outdoor Recreation Account
	244	Habitat Conservation Account
Transportation Improv. Board	144	Transportation Improvement Account
University of Washington	01L	Higher Education Construction Account



SECTION 10

Guidelines for Expected Use of Bond and COP Proceeds

10.1 Background



This guideline should be used in preparing capital budget request for bond and certificates of participation (COP) funded projects. The guideline applies to all projects identified in CBS with proposed appropriations and/or reappropriations of more than or equal to \$250,000 from the following list of funds (or any COP funded projects):

- 01L Higher Education Construction Account
- 045 State Vehicle Parking Acct
- 051 State & Local Improv. Rev. Acct (Waste Disp. Fac.)
- 055 State & Local Improv. Rev. Acct (Waste Disp. 1980)
- 057 State Building Construction Account
- 070 Outdoor Recreation Account
- 072 State & Local Improv. Rev. (Water Supply Fac.)
- 244 Habitat Conservation Account
- 350 Capitol Historic District Acct
- 355 State Taxable Building Construction Account

IRS limits

The Internal Revenue Code limits the amount of proceeds of any issue of tax-exempt bonds that may be used to finance activities or facilities used for nongovernmental purposes. In general, no more than the *lesser* of 10 percent or \$15 million of proceeds of any tax-exempt bond issue may be used for any nongovernmental use, of which no more than the *lesser* of 5 percent or \$5 million may be used to make any loans to nongovernmental persons.

This guideline helps determine if a project is for governmental or nongovernmental purposes, and, as such, helps determine whether an appropriation should be made from tax-exempt bond/COP proceeds or from taxable bond/COP proceeds.

Please prepare a separate “Expected Use of Bond/COP Proceeds” form for each proposed project with appropriations and/or reappropriations of \$250,000 or more and maintain it on file.

If the determination is that the project qualifies for nontaxable funding then request funding from your usual and accustomed funding source. If the determination is that the project requires taxable funding, request funding from Fund 355.

Definitions In preparing the “Expected Use of Bond/COP Proceeds” form, please consider the definitions for *nongovernmental purposes* and *governmental purposes* contained in the glossary as well as the examples below.

Federal Tax Rules In determining whether bond/COP proceeds are considered to be used for governmental or nongovernmental purposes, the following federal tax rules should be kept in mind:

- You must take into account reasonably expected direct and indirect uses of both the proceeds and the financed property during the entire term of the bonds/COPs that will finance that property.
- Nongovernmental use may occur as the result of ownership of the financed property by a nongovernmental person or use of the financed property by a nongovernmental person under a lease, management contract, output contract, or any other arrangement that provides special legal entitlements to the nongovernmental person for beneficial use of the bond-financed property.
- Generally, the ultimate use of the financed property determines the character of the use of the financed property.

Overall, all of the facts and circumstances concerning arrangements with nongovernmental entities for use of the bond/COP-financed property must be considered.

- Examples**
1. If proceeds are loaned to a housing authority to build an apartment building that the housing authority leases to a separate partnership in which the housing authority is the general partner and private investors are limited partners, the financed apartment building is considered used for nongovernmental purposes.
 2. If proceeds are loaned to a city to build a sewage treatment plant, but the city enters into a long-term management contract with a private company to operate the sewage treatment plant for the city, and the management contract fails to meet Internal Revenue Service requirements for a "qualified management contract," the treatment plant is considered used for a nongovernmental purposes.

3. If proceeds are loaned to a port district to build a dock that the port district leases long-term to a private shipping company, the dock is considered used for nongovernmental purposes.
4. If a state agency leases excess office space in a bond or COP financed building to commercial businesses, the portion of the proceeds properly allocated to the cost of that space are considered used for nongovernmental purposes.
5. If the estimated useful life of a project is shorter than the term of the financing and the project will be sold or leased to a private nonprofit corporation before the end of the financing, the project is considered used for nongovernmental purposes.

Training There will be at least one training session on this new procedure, at which time a contact/resource will be identified. The time and place will be announced through the Capital Budget Officers mailing list at a future date.

Expected Use of Bond/COP Proceeds

Agency #: _____	Agency Name: _____
Contact Name: _____	Fax #: _____
Phone #: _____	E-mail address: _____
Fund(s) #: _____	Fund Name: _____
Project #: _____	Project Title: _____

1. Will any portion of the project or asset ever be **owned** by any entity other than the state or one of its agencies or departments?

☐ Yes ☐ No
2. Will any portion of the project or asset ever be **leased** to any entity other than the state or one of its agencies or departments?

☐ Yes ☐ No
3. Will any portion of the project or asset ever be **managed or operated** by any entity other than the state or one of its agencies or departments?

☐ Yes ☐ No
4. Does the project involve a public/private venture, or will any entity other than the state or one of its agencies or departments ever have a **special priority or other right** to use any portion of the project or asset to purchase or otherwise acquire any output of the project or asset such as electric power or water supply?

☐ Yes ☐ No
5. Will any portion of the expenditures be **granted or transferred** to nongovernmental entities **or granted or transferred** to other governmental entities which will use the grant for nongovernmental purposes?

☐ Yes ☐ No
6. If you have answered “Yes” to any of the questions above, will your agency or any other state agency **receive any payments from any entity**, other than the state or one of its agencies or departments or any local government units, for the use of, or in connection with, the project or assets?

☐ Yes ☐ No
7. Will any portion of the project or asset, or rights to any portion of the project or asset, ever be **sold** to any entity other than the state or one of its agencies or departments?

☐ Yes ☐ No
8. Will any portion of the expenditures be **loaned** to nongovernmental entities **or loaned** to other governmental entities that will use the loan for nongovernmental purposes?

☐ Yes ☐ No

- If the answer to any one of questions 1 through 5 is yes and answers to 6, 7 and 8 are no, request tax exempt funding.
- If the answer to any one of questions 1 through 5 is yes and 6 is yes, request taxable funding from Fund 355.
- If the answer to all of questions 1 through 6 are no and the answer to either question 7 or 8 is yes, request taxable funding from Fund 355.

Keep this form on file. If the Office of the State Treasurer, Bond Counsel or the Office of Financial Management have questions, this form may be requested.



SECTION 11

Certificates of Participation



COPs are secured by the agency's general state fund appropriations.

Real-estate Certificates of Participation (COPs) are structured and sold on a stand-alone basis, so each agency with COP approval must coordinate the timing of the funding needs with the Office of the State Treasurer (OST). Since COPs are sold on a stand-alone basis, projects financed should be at least \$2.5 million in size. Due to tax restrictions on use of COP proceeds and the requirement that the subject property shall secure the financing contract, it is advisable to contact OST directly to describe your basic project proposal in advance of submitting your budget request. This is especially important if the proposed project: (a) has any type of private component; (b) includes plans to finance a project on land owned by another party; or (c) involves a private operator or manager of the completed project.

The maximum allowable term for COPs (under RCW 39.94) is 30 years, but they are issued for shorter terms based on the source, amount and timing of agency local funds available for repayment as well as the useful life of the structure. Regardless of the source of agency local funds to be used for repayment, all COPs are secured by the agency's general state fund appropriations; if the local funds are not sufficient to make payments, general appropriations are required to make the payment.

COP authorizations are generally listed in the "Miscellaneous" section of the biennial capital budget. The authorizations apply only to the biennium for which they are approved. If the project is not ready to finance in the biennium, the agency will need to seek re-authorization in the next biennium.

COPs will be issued once the agency has formal bid documents and has contracted for construction (if used for a construction or renovation project) or has entered into a purchase and sale agreement, completed all requirements for the purchase, and documents have been signed by all parties to the transaction (for acquisition projects).

Certificates of Participation

For most acquisition projects, the Office of the State Treasurer will request that the agency close the real estate transaction prior to the COPs being issued. General language in the capital budget for COP authorizations provides that agencies may expend other agency funds on the project, to be reimbursed from COP proceeds. Unlike general obligation bonds, there is no allotment process or requirement for COPs. When you receive legislative authorization and have met with the OST to ensure that your project qualifies for COP financing, you may proceed with bid and award for construction (or sign documentation for acquisition). You should work directly with OST with regard to timing of the award of bids and sale of COPs.

Additional information is available on OST's website

Additional information on COPs can be found in the "Lease/Purchase Program Guide" posted on the Office of the State Treasurer's web page at www.wa.gov/tre/bnd_state-lp.htm.

Questions may be directed to:

Kristi Wolgamot
Lease Purchase Specialist
Office of the State Treasurer
(360) 902-9020; Fax (360) 902-9045
kristi@tre.wa.gov



SECTION 12

Deferred Maintenance Backlog Reduction Plans For Capital Preservation Projects

Delivery of state government services happens through adequately maintained and preserved public facilities. The general public expects their public facilities to be well maintained for their use. The Governor and Legislature, working in concert, make every effort to provide appropriate financial and human resources.

A deferred maintenance backlog reduction plan for facility preservation is an action plan that offsets deterioration, restores facilities and systems to their intended purpose, and extends the expected useful life of the asset. Continued deferral of maintenance work results in the progressive deterioration of the facility or system condition and its performance; and, if not eventually addressed, will significantly increase restoration cost.

12.1 Maintenance Backlog Reduction Plans



Deferred maintenance backlog reduction plans have several goals:

- Promote proper preservation of state facilities
- Ensure maintenance is not reduced during an era of decreasing resources
- Identify and prioritize maintenance to best utilize resources
- Preclude deferral of maintenance that such capital renewal is required to restore a facility to its service delivery condition
- Establish quality standards for maintenance appropriate to the agency and the facility's intended use

Deferred maintenance backlog reduction plans for capital budget facility and infrastructure preservation projects define project specific multi-year budget requests to address the deferred preservation needs of an agency (or institution). The projects proposed for funding in each funding cycle will be based on the commonly accepted statewide definition of deferred preservation adopted by OFM and will be drawn from the priority ordered requests by the owner agencies. Prioritization criteria will be developed by the agency and will respond to agency needs, programs, and activities or services provided by the facilities. These criteria shall be clearly identified. The elements of work in each of the specified projects may be based on the results of a formal process of facility evaluation (assessment or audit process), or may reflect the best judgment of agency management.

Agencies structure their capital preservation project lists based on their own tracking systems and procedures. The project list may be subdivided into categories based on individual agency needs and approaches; projects may be grouped into categories defined by the agency; or projects may be listed individually. Whatever format is chosen by the agency, it should allow for a clear understanding of the project (or types of projects) proposed for completion in each time period in priority order. There must be an obvious link between the projects in the preservation lists and the deferred maintenance backlog reduction plan.

12.2 Action Plan

Agencies should conduct formal facility assessments

Agencies should conduct formal facility assessments or audits to provide a framework for developing a long-term plan to meet their deferred facility and infrastructure needs. A comprehensive approach would include the following activities:

- An overall goal statement from the agency's strategic plan that addresses the backlog of facility preservation and the corresponding approach to accomplish this goal.
- Identify specific facility or infrastructure deficiencies in a manner that is updated and consistent over time.
- Rate and rank facility and infrastructure preservation needs according to physical condition and performance. Identify facilities or systems that should be abandoned.
- Define specific capital preservation projects ranked in priority order that reduce the amount of deferred preservation.
- Develop cost estimates for these capital preservation projects.
- Prepare a schedule for completing projects over a reasonable period that balances the opportunity to improve and preserve facilities with the realities of fiscal constraints, availability of agency resources to manage preservation projects, and the ability to remove facilities from service or operation while the improvements are being completed.
- Identify revenue sources and timing of expenditures that are dedicated to deferred maintenance backlog reduction.
- Specify appropriate ongoing maintenance activities, funded in the operating budget, that keep facilities and systems at acceptable levels of performance.

12.3 Implementation Strategy



Agencies will submit a short summary in a prescribed format describing their deferred maintenance backlog reduction plan as part of the capital budget request. In their response, agencies will summarize actions taken to develop the plan, the relative size of their maintenance backlog, what is being done to ensure that further deterioration does not take place, the proposed time period to reduce or control the backlog, and the proposed total request for each of the next five biennia. Project lists for the 2003-05 Biennium are not required but could be submitted as an attachment to this narrative.

Preservation projects proposed by the agency in their capital budget request must have a direct and obvious correlation to their deferred maintenance backlog reduction plan.

The Governor and Legislature will make capital budget funding decisions based on the content of agency backlog reduction plans and the resources available for expenditure. Backlog reduction plans clearly complement other efforts across state government to tie funding decisions to clear expectations of results (performance measures and budgeting, outcome measures, strategic plans). Continued emphasis on improving long-term agency capital planning will make the development and updates to a deferred maintenance backlog reduction plan an expected part of the capital budgeting process.

12.4 Integration with Operating Budget Maintenance Program

Agencies must coordinate the cost of ongoing maintenance in their operating budget with preservation projects in the capital budget that reduce deferred maintenance backlogs. It is imperative that maximum return be achieved on capital investments in upgrading and preserving facilities. This can only be accomplished if the upgraded facilities receive an adequate level of ongoing maintenance. The maintenance system and approaches developed and managed by each owner agency will recognize the wide variety of state facilities and how they are used. Agencies determine user schedules and needs, program changes, availability of maintenance skills and materials, best and most appropriate practices, and financial strategies.

Any maintenance backlog should be carefully monitored by the owner agency, with summary data and a reduction plan furnished to OFM as part of the budget review process. OFM will coordinate capital budget funding efforts to reduce the backlog of facility preservation needs with an ongoing commitment to adequate levels of maintenance in the agency operating budgets.

NARRATIVE DESCRIPTION OF BACKLOG REDUCTION PLAN

Agency_____ Contact_____ Phone_____

Please provide complete narrative answers to each of the following questions.

1. Please describe your agency's maintenance preservation plan. Is it based on a standardized building/facility condition assessment process and applied to each of your locations?
2. Have all of your facilities and locations been accessed and the preservation needs integrated into the plan? What remains, and what is the time frame for integrating all facilities into a standardized assessment process?
3. What criteria is used to set maintenance project priorities and explain the process you have to update and integrate new projects into the plan, or remove unnecessary projects from the current list.
4. Is your process for establishing and monitoring preservation needs complete, or is it still in development? What remains, and what is the time frame for integrating all facilities into a standardized assessment process?
5. How did you determine the amount of project requests for each biennium in the maintenance preservation backlog reduction plan? At what point will your facilities reach what you consider an acceptable condition level?
6. On a separate page, list your prioritized capital preservation projects, estimate of project cost and fund source for each project. This list should specify each project in the first three biennia of the Capital Plan, and types of projects for the last two biennia.



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Acquisition – This type of project includes the acquisition of land, structures, and buildings. These are fixed assets that have no relationship to the addition or improvement to, or the repair or replacement of, existing fixed assets. An example of an acquisition would be purchase of a tract of land or purchase of a building.

Addendum – A written or graphic instrument issued by the architect before execution of the construction contract that modifies or interprets the bidding documents by additions, deletions, clarifications, or corrections.

Addition – An addition expands or extends an existing fixed asset. An example of an addition would be the construction of a new wing for a correctional institution. New construction attached to an existing structure as an extension is an addition. Generally, additions involve alterations within existing buildings to make connections.

Additional Services – Professional services that may, if authorized or confirmed in writing by the agency/institution, be rendered by the architect or other consultants in addition to the basic services identified in the owner-architect agreement. See Form C-100 Sections B3 & B4.

Additive Alternate Bid – An amount stated in the bid to be added to the amount of the base bid if the corresponding change in work, as described in the bidding documents, is accepted.

Alternative Analysis – Involves identifying different ways of meeting the functional requirements of the program including various construction solutions to a problem or whether to lease, buy, build, or use some other financing techniques. This requires using approaches such as cost-benefit or life-cycle costing analysis to determine comparable costs of alternatives.

Architect/Engineer (A/E) – A party to a contract to provide professional architectural or engineering design services to an agency or institution.

Artwork Allowance – The cost of artwork for original construction of any building excluding storage sheds, warehouses, or buildings of a temporary nature, as provided in RCW 43.17.200. All universities and colleges shall compute artwork allowances on the cost of original construction, and on the cost of major renovation or remodeling work exceeding \$200,000, as provided in RCW 28B.10.027. Agencies should compute artwork allowances on the basis of one-half of 1 percent of the sum of consultant services, maximum allowable construction cost, and equipment costs on Form C-100 Section E.

Base Bid – An offer to do construction work for payment, the acceptance of which constitutes a contract between the contractor who made the bid (the bidder) and the agency or institution who accepted it exclusive of adjustments for additive alternates. Also known as a proposal or a tender; often called a prime bid when made by a construction company that hopes to become the prime contractor, or a sub-bid when made by a company that hopes to become a subcontractor.

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Basic Design Services – Architectural/Engineering (A/E) Basic Design Services consist of those services described in the Guidelines for Determining Architect/Engineer Fees for Public Works Building Projects in Washington State. These design services include normal architectural, structural, mechanical, electrical, and civil engineering services for the project. See Form C-100 Section B2.

Bond – An obligation by which one party (surety) agrees to guarantee performance by another of a specified obligation for the benefit of a third person or entity (obligee). Examples include bid bond, performance & payment bond. See Form C-100 Section F.

Building Renewal – Improvements to facilities (less than \$1 million), usually to the building envelope or within the building footprint, to prevent deterioration and maintain use of the facility.

Change Order – A written authorization provided to a contractor approving a change from the original plans, specifications, or other contract documents, as well as a change in the cost. With the proper signatures, a change order is considered a legal document.

Claims Review Board – A method of resolving disputes by other than arbitration or litigation.

Clerk of the Works – An outdated term for a representative of the architect or owner who oversees construction, handles administrative matters, and ensures that construction is in accordance with the contract documents. Currently referred to as an owner's on-site representative.

Commissioning and Training – The process for achieving, verifying, and documenting that the performance of a building and its various systems meet design intent together with the owner and occupants' operational needs. The process extends through all phases of a project, from initial concept to occupancy, and operation and includes the training of maintenance personnel.

Construction Document Phase – The phase of the A/E's services in which the architect prepares the construction documents from the approved design development documents and assists the agency/institution in preparation of the bidding documents.

Construction Management (CM) – Involves a contractual arrangement in which an owner employs an agent-consultant called a Construction Manager to coordinate and manage all of the construction trades. The additional management expertise is usually used on larger, more complex construction projects. However, an owner on a smaller project may acquire a construction manager for their construction expertise to act as the “eyes and ears” for the owner on the project.

Constructability Review – The cost for an independent consultant or contractor to determine if a unique or unusual project can physically be built as designed. This is done to reduce construction change orders and claims. This review should be conducted at 75 percent completion of the construction documents.

Consultant – A person or entity who provides advice or services to an agency or institution.

Consultant Selection Cost – The cost of advertising and travel for private sector members of a selection board, if required by RCW 39.80.

Contingency – The need for cost contingency is generated by a lack of information, at a particular point in time, for the task being estimated. Appropriate contingency amounts are dependent on the degree of risk present and the extent of the technical challenge surrounding the task. The design contingency legitimately covers uncertainties in a project and should be reduced through each phase of the design. Construction contingencies should be limited to 5 percent on new construction.

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and 10 percent on remodeling work. Contingencies should not be considered as opportunities for extra work or to change original budget decisions.

Contract Documents – The drawings, specifications, conditions, agreement, and other documents prepared by the designer that illustrate and describe the work of the construction contract and the terms and conditions under which it shall be done and paid.

Contractor – A person, firm or corporation who or which, in the pursuit of an independent business undertakes to, or offers to undertake, or submits a bid to, construct, alter, repair, add to, subtract from, improve, move, or demolish, for another, any building, excavation or other structure, project, development, or improvement attached to real estate or to do any part thereof.

Corrective Maintenance – Unscheduled “call-in” requests for repair or replacement of equipment, systems, or facilities which have failed.

Cost Estimating – Basic Services include the development of a probable construction cost from quantity surveys and unit costs of building elements for the project. Costs shall reflect the level of design elements presented in the design documents, plus appropriate design contingencies to encompass unidentified scope ultimately included in the program. Interactive Cost Estimating is additional costing services beyond Basic Services in which additional design alternatives are estimated. Independent Cost Estimating, if needed, covers cost by an independent third party contracted to the owner and used to validate cost estimates prepared by the A/E.

Cost/Benefit Analysis – An analysis in which consequences of the investment are measured in or converted to economic terms and qualitative benefits.

Cost Estimating – An element of basic services in an A/E agreement which includes an estimate of construction cost from quantity surveys and unit costs of building elements for the project. Costs shall reflect the level of design elements presented in the design documents, plus appropriate construction estimating contingencies to encompass unidentified scope ultimately included in the program. Interactive Cost Estimating is additional work beyond basic services in which additional design alternatives are estimated. Independent Cost Estimating, if needed, covers cost estimates by an independent third party contracted to the owner and used to validate cost estimates prepared by the A/E.

Deferred Maintenance – Ordinary maintenance activities left unperformed due to a lack of resources or perceived low priority, where deferral of the maintenance activity results in a progressive deterioration in facility conditions or performances. The cost of the deterioration, including capital costs, operating costs, and productivity losses, is expected to increase if the maintenance activity continues to be deferred.

Design/Code Plan Check (ICBO) – The cost for design document plan check that is performed by the International Conference of Building Officials (ICBO) only when required by local code officials. This requirement should be identified in the permit review process (ref. IV C.2.e. Regulatory Issues: Permits).

Design Build – A method of project delivery in which the agency/institution contracts directly with a single entity that is responsible for both design and construction services for a construction project.

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Design Development Phase – The phase of the A/E's services in which the consultant prepares the design development documents, from the approved schematic design studies, for submission to the agency/institution for approval.

Design Service Contingency – Includes an allowance for uncertainty in scoping and pricing additional services, covers variability in estimating reimbursables, includes design fees for owner directed changes and includes design fees for changes during construction that are beyond the scope of basic services and are not a result of errors or omissions by the A/E. The total amount for design services contingency ranges from 5 to 10 percent of total consultant services cost depending on the complexity of the project.

Designer – A party to a contract to provide professional design services to an owner, often an architect or a professional engineer. Also, one (individual or corporate) who performs the design function in construction, as a package deal, a turnkey project, or a development management project.

Economic Life – Economic life in the context of cost/benefit analysis refers to the span of years necessary to compare similar costs of operating and maintaining alternative solutions. It may not equate to the time required to fully depreciate the structure. The economic life span should be the same for each alternative for a project. The period of time, extending from the date of installation to the date of retirement for the intended service, over which a prudent owner expects to retain the property in order to obtain a minimum cost.

Energy LCCA Review – As required by RCW 39.35, the Department of General Administration will review the Energy Conservation Report (LCCA) for a project. This fee for this review shall not exceed \$2,000.

ESCO – An ESCO is a firm which contracts with a facility owner or a utility to acquire, design, install, maintain and/or finance energy conservation, cogeneration or renewable energy projects. ESCO's primarily develop, own and operate energy projects with no technical or financial risk to the facility owner or utility. The ESCO can guarantee the energy savings, utility payments, and overall cost of the project.

Facility – A structure with walls and a roof.

Facilities Improvements – Initial construction, punch-list items, retrofits, alterations, remodeling, renewals, tenant improvements, renovations, adaptations and code improvements, etc., for a facility.

Facility Preservation – Improving or restoring the operational and service capacity to extend the useful life of a facility, and do not significantly affect the programs and services housed within the facility. This work is generally different than ordinary maintenance in the extent and cost of the work undertaken. The distinction between ordinary maintenance and preservation is made for the purpose of segregating these types of projects by funding source — operating or capital budget.

Fast Track – A process in which certain portions of the A/E's design services overlap with construction activities in order to expedite the owner's early occupancy of all or a portion of the project.

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Fixed Equipment – The cost of objects not considered consumables (i.e., carpets, blinds, drapes, shop equipment, voice and data communications systems, chemical equipment, etc.) to be obtained through State Purchasing.

Fixed Assets – A fixed, physically attached and permanent improvement or real property. Fixed assets are normally those which are capitalized.

General Contractor – The general contractor is a contractor whose business operations require the use of more than two unrelated building trades or crafts whose work the contractor shall superintend or do in whole or in part. A general contractor does not include an individual who does all work personally without employees or other specialty contractors as defined in this glossary. The terms general contractor and builder are synonymous.

General Contractor/Construction Manager (GC/CM) – A GC/CM is a firm with which an agency or institution has selected and negotiated a guaranteed maximum allowable construction cost for a project. A competitive selection process is used through a formal advertisement and competitive bids to provide services during the design phase that may include life-cycle cost design considerations, value engineering, scheduling, cost estimating, constructability, alternative construction options for cost savings, and sequencing of work. The GC/CM acts as the construction manager and general contractor during the construction phase.

Geotechnical Investigation – The cost to do soils boring, sampling, testing, and prepare recommendations. The soil boring and sampling process, together with associated laboratory tests are necessary to establish subsurface profiles and the relative strengths, compressibility and other characteristics of the various strata encountered within depths likely to have an influence on the design of the project.

Governmental Purposes – As used in the context of use of bond/COP proceeds to pay the costs of facilities expected to be owned or used by, or to make any loan or grant to, a state and local government unit as defined in Treas. Reg. 1.103-1. This includes any state or political subdivision thereof that has been delegated substantial taxing, police, or condemnation power under state law) or any instrumentality thereof.

HVAC Balancing – The cost to test and balance designed heating, ventilation, and air conditioning systems, including water flows, at the completion of construction.

Improvement – A legal term referring to anything erected on and affixed to land (e.g., buildings, roads, fences, and services), which legally becomes part of the land, according to common law and statutory definition.

Initial Costs – The same as “first cost” or the cost to provide the service or product in today’s dollars for a project. Different from life cycle costs, or future costs.

Inspection (On Site) – The examination of work completed or in progress to determine its conformance with the requirements of the contract documents.

Instrumentality – An agency through which a function of another entity is accomplished, such as a branch of a governing body.

Lease Development – A lease development project is defined as an acquisition of space in an existing privately-owned building through a lease that provides for a period of occupancy greater than five years, with an option to purchase, or construction of a privately financed building for

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purposes of state occupancy. Lease-development projects represent long-term occupancy proposals, but are to be funded from operating funds only. Any funds required to pay the cost of lease-development proposals should be requested through the operating budget.

Lease/Purchase Obligations (Real Estate) – Lease/purchase obligations are contracts entered into by the state which provide for the use and purchase of real or personal property, and provide for payment by the state over a term of more than one year. For reference, see RCW chapter 39.94 "Financing Contracts." Lease/purchase obligations are one type of lease-development alternative.

Life Cycle Cost Analysis – The identification of a total life-cycle cost of a capital project. Life-cycle cost analysis is defined as the programmatic and technical considerations of all cost elements associated with capital facility alternatives under consideration. These cost elements may include any or all of the following: Capital Investment Costs, Financial Costs, Operations Costs, Maintenance Costs, Alternations Costs, Replacement Costs, Denial of Use Costs, Lost Revenue, and Associated Costs. Life-cycle costing is expected to reduce the total cost by selecting the correct designs and components to minimize the total cost of service, not only the first cost. For instance, changes to the preliminary design might increase initial cost by lower operating costs and thereby reduce total costs.

Life-Cycle Cost – The capital and operational cost of a construction item, system, or building during its estimated useful life.

Long-Term Leases – Those agreements that extend beyond five years (the normal facility lease period). Leases beyond a five year term will be considered when: the agency has a stable and consistent program to be housed, there is demonstrated economic advantage to the extended term, and the space is used consistent with statewide utilization standards. Contact the Department of General Administration, Division of Property Development for more information on this subject.

Maintenance and Operations (M&O) Costs – The costs of the regular custodial care and repair, annual maintenance contracts, utilities, maintenance contracts, and salaries of facility staff performing M&O tasks. The ordinary costs required for the upkeep of property and the restoration required when assets are damaged but not replaced. Items under M&O include the costs of inspecting and locating trouble areas, cleaning and preventive work, replacement of minor parts, power, labor, materials, and minor changes in or rearrangements of existing facilities. Work required to preserve or restore buildings, grounds, utilities, and equipment to original conditions or such condition that it can be effectively used for its intended purpose is designated as M&O work.

Maintenance and Operations Manuals – The assembly, tabulation, and indexing of all shop drawings and submittals on all equipment, controls, and systems so that required maintenance and troubleshooting can easily be shown and understood. This is included in A/E Basic Services.

Major Projects – Those projects that cost \$5 million or more, or projects that meet the following criteria: have particularly costly elements, are undertaken on a tight design budget or short design schedule, have significant policy implications to a program, or involve state of the art technology.

Management Reserve – Management reserve is an allowance for changes beyond control of the owner and recognizes the potential for variances in key assumptions in building efficiency, escalation, sales tax, permit requirements/delays, off-site development. The amount is a function of risk and uncertainty and may be non-existent for many projects or range from 2 to 10 percent for others.

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Maximum Allowable Construction Cost (MACC) – A cost that the owner stipulates to the design consultant before design begins. The cost is the owner’s budget for the construction cost of the project and serves as the parameter in which the design consultant agrees that the construction cost of the design will not exceed.

Nongovernmental Purposes – As used in the context of use of bond/COP proceeds to pay the costs of facilities expected to be owned or used by, or to make any loan or grant to, (a) the federal governmental (including any federal department or agency), (b) any private nonprofit corporation (including any 501(c)(3) organization), and (c) any other private entity, such as a business corporation, partnership, limited liability company, or association. See governmental purposes definition.

Normal Maintenance – A systematic day-to-day process funded by the annual operating budget to control the deterioration facilities, e.g., structures, systems, equipment, pavement, grounds. Planned maintenance includes the following:

- Scheduled repetitive work, such as housekeeping activities, groundskeeping, site maintenance, and certain types of service contracts.
- Periodic scheduled work (preventive maintenance) that has been planned to provide adjustment, cleaning, minor repair, and routine inspection of equipment to reduce service interruptions

On-Site Representative – This is a full- or part-time employee who represents the owner during construction and serves as a liaison between the architect and contractor on major projects.

Operations and Maintenance (O&M) Costs – The costs of the regular custodial care and repair, annual maintenance contracts, utilities, maintenance contracts, and salaries of facility staff performing O&M tasks. The ordinary costs required for the upkeep of property and the restoration required when assets are damaged but not replaced. Items under O&M include the costs of inspecting and locating trouble areas, cleaning and preventive work, replacement of minor parts, power, labor, and materials. O&M work is required to preserve or restore buildings, grounds, utilities, and equipment to its intended running condition so that it can be effectively used for its intended purpose.

Other Alternate Financing – Proposals that cover a wide range of financial contracts that call for the development or use of space by state agencies through a contractual arrangement with a developer or financing entity. The sale of debt obligations, Certificates of Participation (COPs) through the State Treasurer may be involved, or financing may be offered by a private developer. Title to the property involved may transfer to the state either upon exercise of an option, or at the termination of the contract.

Outline Specifications – An abbreviated set of specification requirements normally included early in the design process.

Owner – The first party to the construction contract, who pays the contractor (the second party) for the construction work; also, the party who owns the rights to the land upon which the work is done and who, therefore, owns the work; also, the client of a designer, a construction manager, a project manager, or a development manager.

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Performance Bond – A bond issued by a surety company on behalf of a contractor to guarantee an owner proper performance of the construction contract.

Phased Construction – That in which design and production more or less overlap, thus shortening project time; usually practiced in construction management projects. See Fast Track.

Predictive Maintenance – A refinement to preventive maintenance that integrates scheduled maintenance with system monitoring and analysis (e.g. vibration analysis, thermal/energy analysis) to identify inefficient operation or imminent breakdown. Predictive maintenance ideally reduces the cost of maintaining components that are working adequately.

Preservation Project – Projects which maintain and preserve existing state facilities and assets, and do not significantly change the program use of a facility. Examples would include roof replacement and exterior renovation, utility system upgrade, repairing streets and parking lots.

Preventive Maintenance – A maintenance strategy where inspections are made or actions are taken on a scheduled basis to reduce service interruptions, reduce the premature failure of facilities, systems, and equipment, and continue efficient operations. Actual inspection and maintenance is performed on pre-specified schedules established by manufacturer or facility manager.

Primary Purpose – As used in defining a project type, the identification of the dominant driver behind the project; the area where the impact of not correcting the deficiency is most acute.

Program Projects – Projects which are intended to accomplish a program goal such as changing or improving the use of existing space, or creating a new facility or asset through construction or purchase. These projects may have a major impact on future operating budgets – such as the construction of a new prison or university branch campus.

Programming – The work necessary to define the scope of a project, conduct master planning for future work, or delineate the existing conditions. This work may require field measurements or building systems testing and surveys.

Project Budget – The sum established by the agency/institution as available for the entire project, including the construction budget, acquisition costs, costs of furniture, furnishings and equipment, and compensation for professional services and all contingencies.

Project Delivery System – Method of how an owner plans to contract a project, i.e., design/bid/build, design/build, GC/CM, etc.

Real Property – Property that is fixed, immovable, and permanent. Real property includes land, structures affixed to the land, property affixed to the structures, and in some cases, trees etc., growing on the land.

Reappropriation – Prior biennium unspent funds approved by the Legislature and allocated to the agency by OFM during the current biennium.

Record Drawing – The revised drawings which truly reflect what was constructed including field verification. To be included in A/E Basic Services.

Reimbursable Expenses – Amounts expended for or on account of the project that, in accordance with the terms of the appropriate agreement, are to be reimbursed by the agency/institution such as telephone charges and travel expenses in accordance with state guidelines.

Glossary of Terms

Retainage – Those portions of cash amounts due to be paid to a contractor for work completed that are held back (retained) by the agency/institution and not paid until some later date; often at substantial completion or at final completion of the work, according to the terms and conditions of the contract and any relevant legal statute; as a security for proper performance of work and fulfillment of contractor's requirements.

Schedule of Values – A schedule breakdown on a month-to-month basis by the contractor to show the intended percentage of completed work by the construction trades. The schedule of values is derived to base the amount of the request for payment by the contractor.

Schematic Design Phase – The phase of the A/E's services in which the architect consults with the agency/institution to ascertain the requirements of the project and prepares schematic design studies consisting of drawings and other documents illustrating the scale and relationships of the project components for approval by the agency/institution. The A/E also submits a preliminary estimate of construction cost based on current area, volume, or other unit costs.

Site Survey – The process of mapping the boundary, topographic, or utility features of a site, measuring an existing building, or analyzing a building for use of space.

Specifications – The major part of a project manual, but excluding the bidding documented, contract agreement, and the conditions of the contract; the written descriptions of items of work that complement the construction drawings.

Subcontractor – A party to a subcontract who does trade work for a contractor (the other party), which work included under the prime contract between the same contractor and an owner; one who is defined as a subcontractor by the prime contract.

Testing – This is a technician's services in acquiring and testing samples of materials used in the project as required in the State Building Code such as welds, concrete strength, or bearing capacity.

Uniformat – A system for classifying building products and systems by functional subsystem, e.g., substructure, superstructure, exterior closure, etc.

Useful Life – An estimate of the total time that an asset is usable and in service.

Value Engineering (VE) – VE is a systematic, orderly approach to defining a facility's required function, verifying the need for the function, and creating alternatives for providing the function at minimum life-cycle cost. Value is the lowest life-cycle cost to achieve the required function. VE is a problem-solving system that emphasizes the reduction of cost while maintaining the required quality and performance of the facility. It is a technique that is applied in addition to the regular design process. It is required on all major projects.

V/E Participation and Implementation – The extra fee to be paid to the A/E for participation in the required value engineering study and includes incremental cost to implement those changes identified by the study and requested by the owner.

Capital Budget Applicants Questionnaire

1. Is your project in a county or city that is required to fully plan (according to RCW 36.70A.040) under the Growth Management Act? If the answer to this question is no, you do not have to complete any more questions. ☐ YES ☐ NO

2. Is your project identified in the host county's or city's comprehensive plan? ☐ YES ☐ NO

3. Is your project identified in the host county's or city's capital facilities plan? ☐ YES ☐ NO

4. Is your project located in an identified urban growth area? (Please attach map showing project location and location of urban growth area.) ☐ YES ☐ NO

5. If your project is located in an adopted urban growth area, does the project facilitate, accommodate, or attract planned for growth? ☐ YES ☐ NO
 - a. What entity has analyzed the impacts on planned for growth in the host city's or county's urban growth area (for example, your agency, the host jurisdiction, etc.)?
 - b. Is there a document that contains this information? If so, indicate document and attach the appropriate pages from that document? If not, attach an explanation.

6. If this project is located outside an urban growth area, will this project create pressures for additional development? ☐ YES ☐ NO
 - a. What entity has analyzed the impacts on planned for growth outside the urban growth area (for example, your agency, the host jurisdiction, etc.)?
 - b. Is there a document that contains this information? If so, indicate document and attach appropriate pages that contains this analysis. If not, attach an explanation.

7. Has there been coordination among the governments in the region during the development of this project? ☐ YES ☐ NO
 - a. Is there a document that contains this information? If so, indicate document and attach appropriate pages that contains this analysis. If not, attach an explanation.

8. What local and additional funds were leveraged, if any?

9. Were the environmental outcomes and the reduction of adverse impacts examined? ☐ YES ☐ NO

Is there a document that contains this information? If so, attach the appropriate pages from that document. If not, attach an explanation.